

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

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022



Teal, Becker & Chiamonte™
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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Schedule Number

REQUIRED SUPPLEMENTARY INFORMATION

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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 Audits 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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise City of Albany Industrial Development Agency, a Component Unit of the City of Albany'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, 2023 and 2022, 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 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 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 audits. 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.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 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 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 audits.

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 7 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 28, 2024 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 solely 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 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.

Teal Becker & Charmonette, CPAs PC

Albany, New York
March 28, 2024

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, 2023 and 2022. 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.

FINANCIAL OPERATIONS HIGHLIGHTS

The chart below provides a condensed summary of revenues and expenses for the years December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Total revenues, gains, and other support	\$ 901,344	\$ 1,312,624
Total expenses	<u>\$ 1,363,972</u>	<u>\$ 870,068</u>
Excess Of Revenues Over Expenses/(Expenses Over Revenues)	<u>\$ (462,628)</u>	<u>\$ 442,556</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

Management's Discussion and Analysis

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 2023 and paid an administrative fee to the Agency were as follows:

48 North Pearl Street, LLC

This project consists of the renovation of an approximately 21,000 SF commercial building and the additional construction of two new approximately 7,000 SF floors, transforming the property into a 5-story building. When completed, the project will consist of approximately 20 market rate apartments and approximately 14,000 SF of commercial/retail space. This approximately \$8.1 million investment is anticipated to create an estimated 184 permanent jobs and construction jobs.

324 State Street, LLC

The project involves the redevelopment of an approximately 40,000 SF commercial building into approximately 29 market rate apartments. The approximately \$6.5 million project will create an estimated 2 permanent jobs and 20 construction jobs.

Midtown Albany, LLC

The project involves the redevelopment of approximately 28,000 SF commercial office building into approximately 25 market rate apartments. The approximately \$4.3 million investment is anticipated to create 40 construction jobs.

IndusPAD-Flair, LLC

This project consists of the construction of an approximately 75,000 SF structure that will also include 5,000 SF of office space. The structure will serve as a distribution facility for FYE. This approximately \$112 million project will create an estimated 22 permanent jobs and 49 construction jobs, as well as retain 13 permanent jobs.

Clinton Avenue Apartments II, LLC

This 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 approximately 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”. The approximately \$23.9 million project will create an estimated 17 permanent jobs and 150 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

Other Activity

In 2023, the Agency entered into a Lease Agreement with the City School District of Albany relating to the use of the Arbor Hill Community Center. The terms within the Lease Agreement provide for an annual payment. Simultaneously, and as a condition for the Agency to enter into the Lease Agreement, the Agency entered into a Management & Occupancy Agreement with the City of Albany. Under this document, a number of the obligations viewed as 'tenant obligations' under the Lease Agreement have been assigned over to the City of Albany.

A condensed summary of CAIDA's net assets at December 31, 2023 and 2022 is shown below:

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$3,610,437	\$4,240,072
Restricted cash	9,925	42,704
Accounts receivable	54,665	27,621
Fixed assets, net	9,596	2,652,111
Intangible lease asset, net	1,365,184	-
Prepaid expenses	1,500	1,000
Mortgage notes receivable	<u>131,970</u>	<u>131,970</u>
TOTAL ASSETS	<u>\$5,183,277</u>	<u>\$7,095,478</u>
<u>Liabilities And Net Assets</u>		
Due to Capitalize Albany Corporation	\$ -	\$2,650,000
Accounts payable	-	145,936
Accrued expenses	35,431	33,125
Unearned income	9,925	42,704
Lease liability	1,376,836	-
Mortgage notes payable	<u>131,970</u>	<u>131,970</u>
Total liabilities	1,554,162	3,003,735
Net assets	<u>3,629,115</u>	<u>4,091,743</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$5,183,277</u>	<u>\$7,095,478</u>

See independent auditors' report
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**City of Albany Industrial Development Agency,
a Component Unit of the City of Albany**

Management's Discussion and Analysis

FUTURE OPERATIONS

As of December 31, 2023, the following projects have been approved by the CAIDA Board and are expected to close in 2024:

TRPS Lark, LLC

The project proposes to construct an approximately 37,500 SF, 4-story apartment complex containing approximately 40 residential workforce housing units. A portion of the currently vacant project site was previously owned by the Albany Community Development Agency. The estimated \$4.9 million investment is anticipated to create 165 construction jobs.

144 State Street, LLC

The project involves the renovation of the existing Renaissance Hotel by Marriott consisting of improvements to the public spaces and guestrooms. The estimated \$3.5 million new investment is anticipated to retain 91 permanent jobs and create 18 construction 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

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

Statements Of Net Position

December 31

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 3,610,437	\$ 4,240,072
Restricted cash - escrow account (Note 1)	9,925	42,704
Accounts receivable	54,665	27,621
Prepaid expenses	<u>1,500</u>	<u>1,000</u>
 Total current assets	 <u>3,676,527</u>	 <u>4,311,397</u>
 Mortgage notes receivable (Note 2)	 131,970	 131,970
Property and equipment, net (Note 3)	9,596	2,652,111
Intangible lease asset - building, net (Note 4)	<u>1,365,184</u>	<u>-</u>
 Total Assets	 <u><u>\$ 5,183,277</u></u>	 <u><u>\$ 7,095,478</u></u>
<u>Liabilities And Net Position</u>		
Current liabilities:		
Due to Capitalize Albany Corporation (Note 8)	\$ -	\$ 2,650,000
Accounts payable	-	145,936
Accrued expenses	35,431	33,125
Deferred revenue	<u>9,925</u>	<u>42,704</u>
 Total current liabilities	 45,356	 2,871,765
 Lease liability - long term (Note 5)	 1,376,836	 -
Mortgage payable (Note 6)	<u>131,970</u>	<u>131,970</u>
 Total liabilities	 <u>1,554,162</u>	 <u>3,003,735</u>
Net position:		
Net position - unrestricted	3,619,190	4,049,039
Net position - restricted	<u>9,925</u>	<u>42,704</u>
 Total net position	 <u>3,629,115</u>	 <u>4,091,743</u>
 Total Liabilities And Net Position	 <u><u>\$ 5,183,277</u></u>	 <u><u>\$ 7,095,478</u></u>

See independent auditors' report
The accompanying notes are an integral part of these financial statements
(8)

**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>2023</u>	<u>2022</u>
Operating revenues:		
Agency fees	\$ 876,714	\$ 1,289,185
Total operating revenues	<u>876,714</u>	<u>1,289,185</u>
Operating expenses:		
Professional services	1,042,918	614,449
Economic development support	250,000	250,000
Other miscellaneous	7,722	4,681
Depreciation (Note 3)	<u>1,209</u>	<u>938</u>
Total operating expenses	<u>1,301,849</u>	<u>870,068</u>
Operating income (loss)	<u>(425,135)</u>	<u>419,117</u>
Non-operating revenues:		
Interest income	<u>24,630</u>	<u>23,439</u>
Total non-operating revenues	<u>24,630</u>	<u>23,439</u>
Non-operating expenses:		
Lease expenses (Note 5)	45,730	-
Amortization expense (Note 4)	14,986	-
Loss on disposal of property and equipment	<u>1,407</u>	<u>-</u>
Total non-operating expenses	<u>62,123</u>	<u>-</u>
Net income (loss)	(462,628)	442,556
Net position - beginning	<u>4,091,743</u>	<u>3,649,187</u>
Net Position - Ending	<u>\$ 3,629,115</u>	<u>\$ 4,091,743</u>

See independent auditors' report
The accompanying notes are an integral part of these financial statements
(9)

**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>2023</u>	<u>2022</u>
Cash flows from (for) operating activities:		
Receipts from fees	\$ 816,891	\$ 1,633,504
Receipts from Capitalize Albany Corporation	-	2,650,000
Payments for land purchase	-	(2,650,000)
Payments for economic development support	(250,000)	(250,000)
Payments for professional services	(1,202,479)	(469,558)
Payments for other expenses	(7,722)	(4,681)
Net cash provided by (used for) operating activities	<u>(643,310)</u>	<u>909,265</u>
Cash flows from investing activities:		
Interest	24,630	23,439
Property and equipment expenditures	(10,101)	-
Net cash provided by investing activities	<u>14,529</u>	<u>23,439</u>
Cash flows for capital and related financing activities:		
Lease expenses	(33,633)	-
Net cash used for capital and related financing activities	<u>(33,633)</u>	<u>-</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(662,414)	932,704
Balances - beginning of year	<u>4,282,776</u>	<u>3,350,072</u>
Balances - End Of Year	<u>\$ 3,620,362</u>	<u>\$ 4,282,776</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ (425,135)	\$ 419,117
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation expense	1,209	938
Changes in assets and liabilities:		
Land	(2,650,000)	2,650,000
Due to Capitalize Albany Corporation	2,650,000	(2,650,000)
Prepaid expenses	(500)	(1,000)
Deferred revenue	(32,779)	(45)
Accounts receivable	(27,044)	344,319
Accrued expenses	(13,125)	-
Accounts payable	(145,936)	145,936
Net Cash Provided By (Used For) Operating Activities	<u>\$ (643,310)</u>	<u>\$ 909,265</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 Federal Deposit Insurance Corporation 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, 2023, the carrying amount of the Agency's deposits, including cash and a money market account, was \$3,669,237. 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	\$ 3,419,237
Covered by federal deposit insurance	<u>250,000</u>
Total Bank Balances	<u>\$ 3,669,237</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 \$9,925 at December 31, 2023. 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.

**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)

(f) Leases

Leases that have a maximum possible lease term of twelve months or less upon commencement date are considered short-term in nature and are not capitalized. Accordingly, short-term leases are not included on the Statements of Net Position and are expensed on a straight-line basis over the lease term, which commences on the date the Agency has the right to control the property. The Agency categorizes leases with contractual terms longer than twelve months as financing leases. Leases with a term of one month or less are excluded from disclosure in short-term lease expense.

(g) 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.

(h) Net position - restricted

The Agency has a restricted fund balance of \$9,925 that is to be used for eminent domain proceedings and related expenses.

(i) 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 9, 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.

(j) Income taxes

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

**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)

(k) 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.

(l) 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).

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 September 14, 1994.

At December 31, 2023 and 2022 \$131,970 was recorded as a long-term asset as the loan matures on June 30, 2025.

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

Notes To Financial Statements

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:

<u>Item</u>	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land (Note 8)	\$ -	\$ -	\$ 2,650,000	\$ -
Equipment	10,101	505	4,691	2,580
	10,101	<u>\$ 505</u>	2,654,691	<u>\$ 2,580</u>
Less: accumulated depreciation	<u>505</u>		<u>2,580</u>	
Total	<u>\$ 9,596</u>		<u>\$ 2,652,111</u>	

Depreciation expense charged to operations for the years ended December 31, 2023 and 2022 was \$1,209 and \$938, respectively.

Note 4: Intangible Lease Asset

Intangible assets, stated on the statements of net position at cost less accumulated amortization, at December 31 consist of:

<u>Item</u>	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Leased asset	\$ 1,380,170	\$ 14,986	\$ -	\$ -
	1,380,170	<u>\$ 14,986</u>	-	<u>\$ -</u>
Less: accumulated amortization	<u>14,986</u>		-	
Total	<u>\$ 1,365,184</u>		<u>\$ -</u>	

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

Notes To Financial Statements

Note 5: Leases

The Agency leases a building from an unrelated entity under an operating lease expiring November 2099.

Other information related to leases was as follows for the year ended December 31, 2023:

Lease expense:

Amortization expense by class of underlying asset	
Building	\$ 14,986
Total amortization expense	14,986
Interest on lease liabilities	45,730
Total	\$ 60,716

Amortization expense charged to operations for the years ended December 31, 2023 and 2022 was \$14,986 and \$-0-, respectively.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Modifications & Remeasurements</u>	<u>Subtractions</u>	<u>End of Year</u>	<u>Amounts Due Within One Year</u>
Lease Assets						
Building	\$ -	\$ 1,380,170	\$ -	\$ -	\$ 1,380,170	
Total	-	1,380,170	-	-	1,380,170	
Less: accumulated amortization						
Building	-	(14,986)	-	-	(14,986)	
	-	(14,986)	-	-	(14,986)	
Total Intangible Lease Asset - Building, Net	<u>\$ -</u>	<u>\$ 1,365,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,365,184</u>	
Lease Liabilities	<u>\$ -</u>	<u>\$ 1,376,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,376,836</u>	<u>\$ -</u>

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

Notes To Financial Statements

Note 5: Leases (Continued)

Future minimum lease payments under non-cancellable operating leases as of December 31, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
Year Ending 2024	\$ -	\$ 40,904	\$ 40,904
Year Ending 2025	-	41,518	41,518
Year Ending 2026	-	42,141	42,141
Year Ending 2027	-	42,773	42,773
Year Ending 2028	-	43,414	43,414
5 Years Ending 2033	-	227,038	227,038
5 Years Ending 2038	-	244,584	244,584
5 Years Ending 2043	-	263,487	263,487
5 Years Ending 2048	-	283,850	283,850
5 Years Ending 2053	-	305,788	305,788
5 Years Ending 2058	-	329,420	329,420
5 Years Ending 2063	-	354,879	354,879
5 Years Ending 2068	-	382,305	382,305
5 Years Ending 2073	-	411,851	411,851
5 Years Ending 2078	-	443,681	443,681
5 Years Ending 2083	73,988	403,983	477,971
5 Years Ending 2088	282,273	232,636	514,909
5 Years Ending 2093	388,023	166,680	554,703
5 Years Ending 2098	520,343	77,231	597,574
5 Years Ending 2103	112,209	2,248	114,457
	Total Future Payments	\$ 4,340,411	\$ 5,717,247

Note 6: 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, 2023 \$131,970 was recorded as a long-term liability as the loan matures on June 30, 2025.

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

Notes To Financial Statements

Note 7: 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. For the years ended December 31, 2023 and 2022, the Agency received \$515 and \$14,827, respectively, based on the terms of a contract for services agreement.

Note 8: Eminent Domain

Effective October 24, 2022, and pursuant to an Order of the Supreme Court dated October 21, 2022, the Agency was vested with title to various parcels of land located in downtown City of Albany, New York (the “Liberty Park Land Parcels”) pursuant to the provisions of the Eminent Domain Procedure Law of the State of New York (the “EDPL”). Pursuant to Section 302 of the EDPL, the Agency arranged for the preparation of a commercial appraisal of the Land and such appraisal estimated the fair market value of the Liberty Park Land Parcels to be equal to \$2,650,000. In connection with the vesting of such title, the Agency deposited an amount equal to \$2,650,000 with the office of the Albany County Clerk as an advance payment (the “Advance Payment”) for the acquisition of the Liberty Park Land Parcels pursuant to a Notice of Deposit with Court dated September 30, 2022.

The actual amount to be paid by the Agency for the acquisition of the Liberty Park Land Parcels is subject to a determination by the Supreme Court pursuant to a proceeding under the EDPL. The Agency and Capitalize Albany Corporation have entered into a Funding Agreement dated as of November 11, 2020 whereby Capitalize Albany Corporation has agreed to pay the purchase price for the Liberty Park Land Parcels. The Agency has authorized the conveyance of the Liberty Park Land Parcels to Liberty Square Development, LLC, a limited liability company formed by the Capitalize Albany Corporation for the purpose of holding title to the Liberty Park Land Parcels. The Agency expects to complete the conveyance of the Liberty Park Land Parcels following the satisfaction of the 90-day public agency notice period required under Section 2897 of the Public Authorities Law. As of December 31, 2023, the conveyance of the Liberty Park Land Parcels has been satisfied.

Note 9: 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, 2023 total \$27,773,332.

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

Notes To Financial Statements

Note 10: Subsequent Events

Subsequent events have been evaluated through March 28, 2024, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Agency fees	\$ 1,273,594	\$ 876,714	\$ (396,880)
Interest income	<u>25,000</u>	<u>24,630</u>	<u>(370)</u>
Other income:			
Loss on sale of assets	<u>-</u>	<u>(1,407)</u>	<u>(1,407)</u>
 Total revenues	 <u>1,298,594</u>	 <u>899,937</u>	 <u>(398,657)</u>
Expenses:			
Management contracts	632,228	631,713	515
Legal expenses	20,000	298,646	(278,646)
Economic development support	250,000	250,000	-
Agency counsel	42,000	42,000	-
Interest expense - lease	-	45,730	(45,730)
Strategic activity	100,000	31,200	68,800
Professional service other	2,000	26,669	(24,669)
Amortization expense - lease	-	14,986	(14,986)
Audits/accounting	7,600	8,200	(600)
Other miscellaneous	21,000	7,722	13,278
Insurance	4,714	4,490	224
Depreciation	1,771	1,209	562
Sub-lease AHCC	75,000	-	75,000
Website maintenance	<u>11,200</u>	<u>-</u>	<u>11,200</u>
 Total expenses	 <u>1,167,513</u>	 <u>1,362,565</u>	 <u>(195,052)</u>
 Excess Of Revenues Over Expenses	 <u>\$ 131,081</u>	 <u>\$ (462,628)</u>	 <u>\$ (593,709)</u>

See paragraph on supplementary schedules in independent auditors' report



**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, 2023, and the related notes to the financial statements, which collectively comprise the City of Albany Industrial Development Agency, a Component Unit of the City of Albany's basic 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 City of Albany Industrial Development Agency, a Component Unit of the City of Albany'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 City of Albany Industrial Development Agency, a Component Unit of the City of Albany's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Albany Industrial Development Agency, a Component Unit of the City of Albany'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 City of Albany Industrial Development Agency, a Component Unit of the City of Albany'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 City of Albany Industrial Development Agency, a Component Unit of the City of Albany'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 City of Albany Industrial Development Agency, a Component Unit of the City of Albany'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 City of Albany Industrial Development Agency, a Component Unit of the City of Albany's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Teal Becker & Charmonette, CPAs PC

Albany, New York
March 28, 2024