

**ADVANCE ALBANY COUNTY ALLIANCE LOCAL
DEVELOPMENT CORPORATION**

**Financial Statements as of
December 31, 2023 and 2022
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

March 27, 2024

To the Board of Directors of
Advance Albany County Alliance Local Development Corporation:

Opinion

We have audited the accompanying financial statements of Advance Albany County Alliance Local Development Corporation (a New York nonprofit organization), 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 financial statements referred to above present fairly, in all material respects, the financial position of Advance Albany County Alliance Local Development Corporation 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Advance Albany County Alliance Local Development Corporation 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 opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, Advance Albany County Alliance Local Development Corporation adopted Accounting Standards Codification 326, *Financial Instruments – Credit Losses*, as of January 1, 2023. Our opinion is not modified with respect to this matter.

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 Advance Albany County Alliance Local Development Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITOR'S REPORT

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Auditor's 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 auditor's 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 generally accepted 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, including omissions, 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 generally accepted auditing standards, 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 Advance Albany County Alliance Local Development Corporation'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 Advance Albany County Alliance Local Development Corporation'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.

Bonadio & Co., LLP

ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 623,804	\$ 534,206
Accounts receivable (net allowance for credit losses \$0)	90,214	49,697
Prepaid expenses	<u>19,899</u>	<u>6,622</u>
Total current assets	<u>733,917</u>	<u>590,525</u>
PROPERTY AND EQUIPMENT:		
Computer software	48,000	48,000
Furniture	47,078	-
Computer equipment	40,077	3,082
Capital improvements	25,433	-
Projects in process	-	2,453
Less: Accumulated depreciation	<u>(44,951)</u>	<u>(17,083)</u>
Property and equipment, net	<u>115,637</u>	<u>36,452</u>
OPERATING LEASE RIGHT-OF-USE-ASSETS	<u>320,064</u>	<u>414,878</u>
TOTAL ASSETS	<u>\$ 1,169,618</u>	<u>\$ 1,041,855</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 28,706	\$ 13,521
Deferred income	-	3,951
Accrued payroll	1,966	1,183
Operating lease liability, current portion	<u>94,814</u>	<u>78,969</u>
Total current liabilities	<u>125,486</u>	<u>97,624</u>
OPERATING LEASE LIABILITY, net	<u>225,250</u>	<u>335,909</u>
TOTAL LIABILITIES	<u>350,736</u>	<u>433,533</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>818,882</u>	<u>608,322</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,169,618</u>	<u>\$ 1,041,855</u>

The accompanying notes are an integral part of these statements.

ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Without donor restrictions	With donor restrictions	Total
REVENUES:			
Contributions	\$ 700,000	\$ -	\$ 700,000
Agency fees	355,737	-	355,737
Rental income	47,407	-	47,407
Other income	6,712	-	6,712
	<u>1,109,856</u>	<u>-</u>	<u>1,109,856</u>
Total revenues			
EXPENSES:			
Program	826,584	-	826,584
Administrative	72,712	-	72,712
	<u>899,296</u>	<u>-</u>	<u>899,296</u>
Total expenses			
CHANGE IN NET ASSETS	210,560	-	210,560
NET ASSETS - BEGINNING OF YEAR	<u>608,322</u>	<u>-</u>	<u>608,322</u>
NET ASSETS - END OF YEAR	<u>\$ 818,882</u>	<u>\$ -</u>	<u>\$ 818,882</u>

The accompanying notes are an integral part of these statements.

ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without donor restrictions	With donor restrictions	Total
REVENUES:			
Contributions	\$ 525,000	\$ -	\$ 525,000
Agency fees	200,657	-	200,657
Rental income	3,951	-	3,951
Other income	2,001	-	2,001
Net assets released from restrictions	<u>500,000</u>	<u>(500,000)</u>	<u>-</u>
 Total revenues	 <u>1,231,609</u>	 <u>(500,000)</u>	 <u>731,609</u>
EXPENSES:			
Program	443,194	-	443,194
Administrative	<u>31,120</u>	<u>-</u>	<u>31,120</u>
 Total expenses	 <u>474,314</u>	 <u>-</u>	 <u>474,314</u>
 CHANGE IN NET ASSETS	 757,295	 (500,000)	 257,295
 NET ASSETS - BEGINNING OF YEAR	 <u>(148,973)</u>	 <u>500,000</u>	 <u>351,027</u>
 NET ASSETS - END OF YEAR	 <u>\$ 608,322</u>	 <u>\$ -</u>	 <u>\$ 608,322</u>

The accompanying notes are an integral part of these statements.

ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Program Expenses</u>	<u>Administrative Expenses</u>	<u>Total</u>
Salaries and benefits	\$ 405,947	\$ 45,105	\$ 451,052
Legal and professional services	172,192	-	172,192
Rent	88,818	9,869	98,687
Office supplies	39,149	4,350	43,499
Depreciation	25,081	2,787	27,868
Sponsorship	22,235	2,471	24,706
Advertising	18,428	2,048	20,476
Dues and subscriptions	14,469	1,608	16,077
Travel	13,001	1,445	14,446
Miscellaneous	10,032	1,114	11,146
Conference	8,367	930	9,297
Insurance	7,357	817	8,174
Filing fees	1,024	114	1,138
Telephone	484	54	538
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Total expenses	<u>\$ 826,584</u>	<u>\$ 72,712</u>	<u>\$ 899,296</u>

The accompanying notes are an integral part of these statements.

ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program Expenses</u>	<u>Administrative Expenses</u>	<u>Total</u>
Salaries and benefits	\$ 187,423	\$ 20,825	\$ 208,248
Legal and professional services	163,134	-	163,134
Office supplies	17,323	1,925	19,248
Rent	15,013	1,668	16,681
Depreciation	14,954	1,662	16,616
Dues and subscriptions	11,273	1,253	12,526
Sponsorship	8,640	960	9,600
Advertising	7,509	834	8,343
Conference	6,825	758	7,583
Travel	5,743	638	6,381
Insurance	3,754	418	4,172
Filing fees	765	85	850
Telephone	465	52	517
Miscellaneous	<u>373</u>	<u>42</u>	<u>415</u>
 Total expenses	 <u>\$ 443,194</u>	 <u>\$ 31,120</u>	 <u>\$ 474,314</u>

The accompanying notes are an integral part of these statements.

ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 210,560	\$ 257,295
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	27,868	16,616
Changes in:		
Accounts receivable	(40,517)	72,279
Prepaid expenses	(13,277)	(1,224)
Accounts payable	15,185	3,941
Deferred income	(3,951)	3,951
Accrued payroll	783	449
	<u>196,651</u>	<u>353,307</u>
Net cash flows from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(107,053)</u>	<u>(14,452)</u>
Net cash flows from investing activities	<u>(107,053)</u>	<u>(14,452)</u>
CHANGE IN CASH	89,598	338,855
CASH - BEGINNING OF YEAR	<u>534,206</u>	<u>195,351</u>
CASH - END OF YEAR	<u>\$ 623,804</u>	<u>\$ 534,206</u>

The accompanying notes are an integral part of these statements.

ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. THE ORGANIZATION

Advance Albany County Alliance Local Development Corporation (the Corporation) was formed in November 2020 to relieve and reduce unemployment in Albany County (the County), promote and provide additional adult employment in the County, maintain adult job opportunities in the County, and to carry on scientific distribution of grants to qualifying small businesses in the County. Since its inception, the Corporation has substantially been supported by grants from the County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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 (GAAP).

Recently Adopted Accounting Guidance

Accounting Standards Codification (ASC) Topic 326, *Financial Instruments – Credit Losses*, requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. The estimated credit loss is required to be based on historical information, current conditions, and forecasts that could impact the collectability of the amounts. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses.

Effective January 1, 2023 the Corporation adopted ASC 326 using the modified retrospective approach for all financial assets measured at amortized cost. The new accounting pronouncement did not have a material impact on the financial statements. Results for reporting periods beginning after January 1, 2023 are presented under CECL while prior period amounts continue to be reported and disclosed in accordance with previously applicable accounting standards.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures. Actual results could differ from those estimates.

Cash

The Corporation maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks on cash.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

The Corporation considers accounts receivable to be fully collectible. Accordingly, no allowance for credit losses has been reflected in the financial statements as of December 31, 2023 and 2022. If in the future, management determines that amounts may be uncollectible, an allowance will be established, and operations will be changed when that determination is made. Accounts for which no payments have been received for several months are considered delinquent and customary collection efforts are begun. After all collection efforts are exhausted the account is written off. Accounts receivable were as follows at December 31:

<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>\$ 90,214</u>	<u>\$ 49,697</u>	<u>\$ 121,976</u>

Property and Equipment

All acquisitions of property and equipment that materially prolong the useful lives of assets costing over \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Financial Reporting

The Corporation reports information regarding its activities and the related net assets using two net asset categories: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions - Includes amounts that have no external donor restrictions on their use or purpose. The Board of Directors can authorize use of these funds as it desires to carry on the purpose of the Corporation according to its by-laws.

Net Assets with Donor Restrictions - Includes amounts that have donor-imposed restrictions that expire when the donor-imposed restrictions have been satisfied by actions of the Corporation.

Revenue Recognition

Agency Fees

During 2023 and 2022, a substantial portion of the Corporation's revenue was derived from agency fees from Albany County Business Development Corporation (ACBDC). The Corporation's performance obligation is to provide staff to ACBDC to fulfill its mission. The performance obligation is met, and revenue is recognized, when applicable salary and other costs are incurred. The Corporation's transaction price is stated in the annual agreement contracted with ACBDC. The Corporation bills ACBDC on a quarterly basis for the services provided and expects to collect payment within 60 days.

Rental Income

The Corporation determines if an arrangement is a lease at inception. The Corporation reassesses the determination of whether an arrangement is a lease if the terms and conditions of the contract are changed.

The Corporation recognizes revenue in accordance with the lease agreement. Variable lease payments are generally immaterial and consist of items such as late fees, which are charged to tenants in certain circumstances. The Corporation recognizes variable lease payments as revenue in the period incurred. The Corporation elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component. Non-lease components are generally immaterial and consist of items such as late fees. The single lease component is accounted for under ASC 842.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from donor restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs, such as salaries and benefits have been allocated amongst the programs and supporting services benefited based on hours spent.

Leases

The Corporation determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Corporation considers factors such as if the Corporation obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Right-of-use assets (ROU) represent the Corporation's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when the Corporation is reasonably certain to exercise these options.

For all underlying classes of assets, the Corporation has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Corporation recognizes fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred.

The Corporation elected for all classes of underlying assets, to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable.

The Corporation elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component.

Income Tax Status

The Corporation is a non-profit organization generally exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. The Corporation has been classified as a publicly supported organization that is not a private foundation.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

At December 31, the Corporation has the following financial assets available to meet cash needs for general expenditure within one year of the statement of financial position date:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 623,804	\$ 534,206
Accounts receivable	<u>90,214</u>	<u>49,697</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 714,018</u>	<u>\$ 583,903</u>

The Corporation's ability to meet its cash needs is highly dependent on timely receipt of contributions, which are primarily due from its granting sources and agency fees from its agreement with ACBDC. The Corporation has designed procedures to collect from these payers as quickly as possible. As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Corporation could also manage vendor relationships to extend payment terms where possible.

4. RENTAL INCOME

The Corporation sub-leases a portion of their office space to an unrelated tenant and has entered into a non-cancelable operating lease for five years with that tenant. Rental income for the years ended December 31, 2023 and 2022 was \$47,404 and \$3,951, respectively. The Corporation has determined that the office space is predominant in this contract and is accounting for the office component as an operating lease under ASC 842. As a result, the Corporation has presented all rental income on the same line item in the statements of activities.

The minimum future rents scheduled to be received on this lease are as follows:

2024	\$ 47,407
2025	47,407
2026	47,407
2027	<u>39,506</u>
	<u>\$ 181,727</u>

5. LEASES

The Corporation leases its office space. The lease is an operating lease and expires in October 2027. The operating lease liability was determined using a remaining lease term of 4 years at a discount rate of 4.27%.

The components of total lease cost for the year ended December 31, 2023 and 2022 only included the following:

	<u>2023</u>	<u>2022</u>
Operating lease cost	<u>\$ 94,814</u>	<u>\$ 15,802</u>

There were no variable lease costs.

5. LEASES (Continued)

Maturities of operating lease liabilities as of December 31, 2023 are as follows:

2024	\$	94,814
2025		94,814
2026		94,814
2027		<u>79,011</u>
Total lease payments		363,453
Less: interest		<u>(43,389)</u>
Total present value of lease liability		320,064
Less: current portion		<u>(94,814)</u>
Long-term portion of lease liability	\$	<u><u>225,250</u></u>

Supplemental cash flow information related to leases are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 98,687</u>	<u>\$ 16,681</u>
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	<u>\$ -</u>	<u>\$ 427,715</u>

6. SUBSEQUENT EVENTS

The Corporation has evaluated events through March 27, 2024, which is the date the financial statements were available to be issued.