

**ADVANCE ALBANY COUNTY ALLIANCE LOCAL  
DEVELOPMENT CORPORATION**

**Financial Statements as of  
December 31, 2022 and 2021  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

March 22, 2023

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, 2022 and 2021, 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, 2022 and 2021, 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 842, *Leases*, as of January 1, 2022. 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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 534,206	\$ 195,351
Accounts receivable	49,697	121,976
Prepaid expenses	<u>6,622</u>	<u>5,398</u>
Total current assets	<u>590,525</u>	<u>322,725</u>
PROPERTY AND EQUIPMENT:		
Computer software	48,000	-
Projects in process	2,453	36,000
Computer equipment	3,082	3,082
Less: Accumulated depreciation	<u>(17,083)</u>	<u>(466)</u>
Property and equipment, net	<u>36,452</u>	<u>38,616</u>
OPERATING LEASE RIGHT-OF-USE-ASSETS	<u>414,878</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,041,855</u>	<u>\$ 361,341</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 13,521	\$ 9,580
Deferred income	3,951	-
Accrued payroll	1,183	734
Operating lease liability, current portion	<u>78,969</u>	<u>-</u>
Total current liabilities	<u>97,624</u>	<u>10,314</u>
OPERATING LEASE LIABILITY, net	<u>335,909</u>	<u>-</u>
TOTAL LIABILITIES	<u>433,533</u>	<u>10,314</u>
NET ASSETS:		
Without donor restrictions	608,322	(148,973)
With donor restrictions	<u>-</u>	<u>500,000</u>
Total Net Assets	<u>608,322</u>	<u>351,027</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,041,855</u>	<u>\$ 361,341</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:			
Agency fees	\$ 200,657	\$ -	\$ 200,657
Contributions	525,000	-	525,000
Other income	5,952	-	5,952
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 ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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	Without donor restrictions	With donor restrictions	Total
REVENUES:			
Agency fees	\$ 121,976	\$ -	\$ 121,976
Net assets released from restrictions	<u>500,000</u>	<u>(500,000)</u>	<u>-</u>
Total revenues	<u>621,976</u>	<u>(500,000)</u>	<u>121,976</u>
EXPENSES:			
Program	752,560	-	752,560
Administrative	<u>18,389</u>	<u>-</u>	<u>18,389</u>
Total expenses	<u>770,949</u>	<u>-</u>	<u>770,949</u>
CHANGE IN NET ASSETS	(148,973)	(500,000)	(648,973)
NET ASSETS - BEGINNING OF YEAR	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
NET ASSETS - END OF YEAR	<u>\$ (148,973)</u>	<u>\$ 500,000</u>	<u>\$ 351,027</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**

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	<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	12,525
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****STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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	<u>Program Expenses</u>	<u>Administrative Expenses</u>	<u>Total</u>
Grant related disbursements	\$ 500,000	\$ -	\$ 500,000
Salaries and benefits	122,243	13,583	135,826
Legal and professional services	87,078	-	87,078
Office supplies	14,818	1,646	16,464
Sponsorship	12,726	1,414	14,140
Dues and subscriptions	7,846	872	8,718
Travel	3,654	406	4,060
Conference	2,921	325	3,246
Depreciation	419	47	466
Insurance	355	40	395
Filing fees	247	28	275
Telephone	157	18	175
Miscellaneous	<u>95</u>	<u>11</u>	<u>106</u>
 Total expenses	 <u>\$ 752,560</u>	 <u>\$ 18,389</u>	 <u>\$ 770,949</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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 257,295	\$ (648,973)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	16,616	466
Changes in:		
Accounts receivable	72,279	78,024
Prepaid expenses	(1,224)	(5,398)
Accounts payable	3,941	9,580
Deferred income	3,951	-
Accrued payroll	<u>449</u>	<u>734</u>
Net cash flows from operating activities	<u>353,307</u>	<u>(565,567)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(14,452)</u>	<u>(39,082)</u>
Net cash flows from investing activities	<u>(14,452)</u>	<u>(39,082)</u>
CHANGE IN CASH	338,855	(604,649)
CASH - BEGINNING OF YEAR	<u>195,351</u>	<u>800,000</u>
CASH - END OF YEAR	<u>\$ 534,206</u>	<u>\$ 195,351</u>

The accompanying notes are an integral part of these statements.

# ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### 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 Leases**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Corporation adopted the standard effective January 1, 2022 using the modified retrospective approach and comparative financial information has not been restated. In addition, lease disclosures for the year ended December 31, 2021 are made prior to lease guidance in FASB ASC 840.

The Corporation elected the available practical expedients to account for the existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Corporation recognized on November 1, 2022, the date the lease of office space commenced, an operating lease liability and an operating ROU asset of \$427,715. The standard did not have an impact on the statements of income or cash flows.

#### **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.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **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.

### **Accounts Receivable**

The Corporation considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been reflected in the financial statements as of December 31, 2022 and 2021. 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.

### **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**

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.

During 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.

### **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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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.

### Leases

The Corporation leases its office space. The Corporation determines if an arrangement is a lease at inception.

ROU assets 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.

## 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>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 534,206	\$ 195,351
Accounts receivable	<u>49,697</u>	<u>121,976</u>
Total financial assets	583,903	317,327
Less: Net assets with donor restrictions	<u>-</u>	<u>(500,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 583,903</u>	<u>\$(182,673)</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. 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 5 years at a discount rate of 2.27%.

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

Operating lease cost	\$	15,802
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There were no variable lease costs.

Maturities of operating lease liabilities as of December 31, 2022 are as follows:

2023	\$	94,814
2024		94,814
2025		94,814
2026		94,814
2027		<u>79,011</u>
Total lease payments		<u>458,267</u>
Less: interest		<u>(43,389)</u>
Total present value of lease liability		414,878
Less: current portion		<u>(78,969)</u>
Long-term portion of lease liability	\$	<u>335,909</u>

Supplemental cash flow information related to leases for the year ended December 31, 2022 are as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$	16,681
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Right-of-use assets obtained in exchange for lease obligations:

Operating leases	\$	<u>427,715</u>
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The Company incurred rent expense of \$16,681 for the year ended December 31, 2022. The Company did not incur any rent expense for the year ended December 31, 2021.

#### 5. SUBSEQUENT EVENTS

The Corporation has evaluated events through March 22, 2023, which is the date the financial statements were available to be issued.