

**GRIFFISS LOCAL  
DEVELOPMENT  
CORPORATION AND  
SUBSIDIARIES**

**For the Year Ended  
December 31, 2023**

**CONSOLIDATED FINANCIAL  
STATEMENTS, CONSOLIDATING  
SCHEDULES, AND COMPLIANCE  
REPORTS**

# GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

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## Independent Auditor's Report

Board of Directors

Griffiss Local Development Corporation and Subsidiaries

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of Griffiss Local Development Corporation (a nonprofit organization) and subsidiaries, Cardinal Griffiss Realty, LLC, and 99 Otis Street, LLC, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Griffiss Local Development Corporation and subsidiaries as of December 31, 2023 and 2022, and the changes in their net assets and their 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Griffiss Local Development Corporation and subsidiaries 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. The financial statements of the subsidiaries, Cardinal Griffiss Realty, LLC, and 99 Otis Street, LLC, were not audited in accordance with *Government Auditing Standards*.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Griffiss Local Development Corporation and subsidiaries ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Griffiss Local Development Corporation and subsidiaries 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Griffiss Local Development Corporation and subsidiaries 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.

#### **Report on Consolidating and Other Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules, as described in the table of contents, are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and it is not a required part of the consolidated financial statements. In addition, the accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating and other supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating and other supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2024, on our consideration of Griffiss Local Development Corporation'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 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 Griffiss Local Development Corporation's 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 Griffiss Local Development Corporation internal control over financial reporting and compliance.

*D'Arcangelo + Co., LLP*

March 25, 2024

Rome, New York

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 2,815,896	\$ 3,929,430
Accounts Receivable, Net	81,981	185,481
Due from Related Organization	19,767	53,635
Grants Receivable	2,688,632	1,250,000
Loan Participation Note - Current	7,443	7,151
Prepaid Assets - Current	72,240	55,617
Lease Receivable - Current	<u>33,699</u>	<u>45,491</u>
Total Current Assets	<u>5,719,658</u>	<u>5,526,805</u>
<b>Property</b>		
Land	2,845,523	2,845,523
Construction in Progress	591,922	138,172
Building and Site Improvements	43,136,455	41,490,594
Roadways and Improvements	5,203,440	5,203,440
Railways and Improvements	1,686,767	1,686,767
Utility Improvements	582,831	582,831
Signage	230,672	230,672
Furniture, Fixtures, and Equipment	1,101,468	1,029,250
Vehicles and Automotive Equipment	<u>303,576</u>	<u>280,676</u>
Total Property	55,682,654	53,487,925
Accumulated Depreciation	<u>(32,036,310)</u>	<u>(30,423,829)</u>
Net Property	<u>23,646,344</u>	<u>23,064,096</u>
<b>Other Long-Term Assets</b>		
Lease Receivable	301,051	282,224
Prepaid and Other Assets	45,308	0
Loan Participation Note	128,328	135,771
Lease Acquisition Costs, Net	225,641	243,433
Project Costs, Net	4,837,071	5,241,592
Goodwill	<u>132,000</u>	<u>132,000</u>
Total Other Long-Term Assets	<u>5,669,399</u>	<u>6,035,020</u>
<b>Total Assets</b>	<u>\$ 35,035,401</u>	<u>\$ 34,625,921</u>

(Continued)

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

December 31, 2023 and 2022

(Continued)

	<u>2023</u>	<u>2022</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 2,120,690	\$ 1,557,281
Due to Related Organization	9,120	66,246
Deferred Revenue	120,985	169,114
Current Maturities of Long-Term Debt	<u>820,885</u>	<u>806,089</u>
Total Current Liabilities	<u>3,071,680</u>	<u>2,598,730</u>
<b>Long-Term Liabilities</b>		
Capital Improvement Reserve	424,511	424,511
Railroad Improvement Fund	90,000	75,000
Skyline Gateway Redevelopment Fund	223,108	194,879
Compensated Absences	46,507	39,857
Long-Term Debt	<u>10,742,014</u>	<u>11,619,558</u>
Total Long-Term Liabilities	<u>11,526,140</u>	<u>12,353,805</u>
<b>Net Assets</b>		
Net Assets without Donor Restrictions		
Controlling Interests	18,684,840	17,914,715
Noncontrolling Interests	<u>1,752,741</u>	<u>1,758,671</u>
Total Net Assets	<u>20,437,581</u>	<u>19,673,386</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 35,035,401</u>	<u>\$ 34,625,921</u>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Revenue, Gains and Support</b>		
Building Lease Income	\$ 3,460,345	\$ 3,456,392
Other Lease Related Income	391,495	412,389
Federal Grants	1,465,415	0
New York State Grants	657,538	1,250,000
Snowplowing and Lawn Maintenance	366,309	316,339
Payments In Lieu of Taxes	504,451	353,596
Reimbursements and Refunds	36,374	46,838
Interest Income	25,996	8,288
Other Income	<u>222,719</u>	<u>141,064</u>
Total Revenue, Gains and Support	<u>7,130,642</u>	<u>5,984,906</u>
 <b>Expenses</b>		
Program Services		
Redevelopment and Leasing	3,922,039	4,823,487
Marketing and Promotion	13,690	49,064
Supporting Services		
Management and General	<u>320,149</u>	<u>349,331</u>
Total Expenses	<u>4,255,878</u>	<u>5,221,882</u>
 <b>Increase in Net Assets</b>		
<b>Before Other Changes</b>	<u>2,874,764</u>	<u>763,024</u>
 <b>Other Changes</b>		
Depreciation and Amortization Expense	(2,110,569)	(1,752,529)
Net (Loss) on Sales of Property	<u>0</u>	<u>(40,074)</u>
Total Other Changes	<u>(2,110,569)</u>	<u>(1,792,603)</u>
 <b>Increase (Decrease) in Net Assets</b>	<u>764,195</u>	<u>(1,029,579)</u>
 <b>Net Assets, Beginning of Year</b>	19,673,386	20,390,308
Cumulative Effect of Change in Accounting Principle	<u>0</u>	<u>312,657</u>
<b>Net Assets, Beginning of Year (Restated)</b>	<u>19,673,386</u>	<u>20,702,965</u>
 <b>Net Assets, End of Year</b>	<u>\$ 20,437,581</u>	<u>\$ 19,673,386</u>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2023**

**(With Comparative Totals For the Year Ended December 31, 2022)**

	Program Services		Supporting Services	Total	
	Redevelopment and Leasing	Marketing and Promotion	Management and General	2023	2022
Salaries	\$ 671,359	\$ 0	\$ 23,413	\$ 694,772	\$ 637,804
Employee Benefits	169,769	0	5,952	175,721	160,409
Payroll Taxes	54,935	0	1,926	56,861	52,646
Professional Services	171,753	0	119,518	291,271	172,718
Outside Consultants	75,643	0	0	75,643	107,923
Occupancy	17,941	982	1,964	20,887	19,130
Contracted Services	173,132	0	0	173,132	15,011
Insurance	111,381	0	3,827	115,208	118,757
Office Expenses	0	0	24,949	24,949	28,336
Project Related Costs	0	0	0	0	1,250,000
Service Fees	401,620	5,812	132,975	540,407	540,323
Travel	76,257	0	0	76,257	87,219
Repairs and Maintenance	509,277	0	0	509,277	408,297
Lease Related Expenses	899,739	0	0	899,739	1,024,136
Minor Equipment	70,652	0	0	70,652	39,765
Depreciation and Amortization	2,110,569	0	0	2,110,569	1,752,529
Interest Expense	472,790	0	0	472,790	497,683
Marketing and Advertising	0	6,896	0	6,896	10,041
Transportation Rebate	40,000	0	0	40,000	45,000
Other Expenses	<u>5,791</u>	<u>0</u>	<u>5,625</u>	<u>11,416</u>	<u>6,684</u>
<b>Total Functional Expenses</b>	<b>\$ <u>6,032,608</u></b>	<b>\$ <u>13,690</u></b>	<b>\$ <u>320,149</u></b>	<b>\$ <u>6,366,447</u></b>	<b>\$ <u>6,974,411</u></b>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.



**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2022**

	Program Services		Supporting Services	Total
	Redevelopment and Leasing	Marketing and Promotion	Management and General	
Salaries	\$ 614,799	\$ 0	\$ 23,005	\$ 637,804
Employee Benefits	154,463	0	5,946	160,409
Payroll Taxes	50,695	0	1,951	52,646
Professional Services	87,820	0	84,898	172,718
Outside Consultants	107,923	0	0	107,923
Occupancy	17,342	0	1,788	19,130
Contracted Services	15,011	0	0	15,011
Insurance	109,253	0	9,504	118,757
Office Expenses	0	0	28,336	28,336
Project Related Costs	1,250,000	0	0	1,250,000
Service Fees	312,186	39,023	189,114	540,323
Travel	87,219	0	0	87,219
Repairs and Maintenance	408,297	0	0	408,297
Lease Related Expenses	1,024,136	0	0	1,024,136
Minor Equipment	39,765	0	0	39,765
Depreciation and Amortization	1,752,529	0	0	1,752,529
Interest Expense	497,683	0	0	497,683
Marketing and Advertising	0	10,041	0	10,041
Transportation Rebate	45,000	0	0	45,000
Other Expenses	1,895	0	4,789	6,684
<b>Total Functional Expenses</b>	<b>\$ 6,576,016</b>	<b>\$ 49,064</b>	<b>\$ 349,331</b>	<b>\$ 6,974,411</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in Net Assets	\$ 764,195	\$ (1,029,579)
Adjustments for Noncash Transactions		
Depreciation and Amortization	2,110,569	1,752,529
Net Loss on Sale of Property	0	40,074
Allowance for Credit Loss Adjustment	(10,070)	0
Non-Cash Interest	15,047	13,031
(Increase) Decrease in Assets		
Accounts Receivable	113,570	(44,518)
Due from Related Organizations	33,868	(32,832)
Grants Receivable	(1,438,632)	(1,250,000)
Lease Receivable	(7,035)	(15,058)
Prepaid and Other Assets	(61,931)	(6,369)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	563,409	1,395,294
Due to Related Organization	(57,126)	20,392
Deferred Revenue	(48,129)	(20,498)
Compensated Absences	<u>6,650</u>	<u>4,190</u>
Net Cash Provided by Operating Activities	<u>1,984,385</u>	<u>826,656</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds on Sale of Property	0	116,591
Use of Capital Improvement Reserve	0	(3,181)
Collections on Loans	7,151	583
Capital Expenditures	(2,194,728)	(305,681)
Lease Acquisition Costs	<u>(75,776)</u>	<u>0</u>
Net Cash (Used) by Investing Activities	<u>(2,263,353)</u>	<u>(191,688)</u>
<b>Cash Flows from Financing Activities</b>		
Railroad Improvement Fund	15,000	6,000
Skyline Gateway Redevelopment Fund	28,229	194,879
Payment of Long-Term Debt	<u>(877,795)</u>	<u>(783,146)</u>
Net Cash (Used) by Financing Activities	<u>(834,566)</u>	<u>(582,267)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,113,534)	52,701
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,929,430</u>	<u>3,876,729</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,815,896</u>	<u>\$ 3,929,430</u>

**Supplemental Cash Flow Disclosures**

Cash Paid During the Year For:

Interest	<u>\$ 472,790</u>	<u>\$ 497,683</u>
Income Taxes	<u>\$ 0</u>	<u>\$ 0</u>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

# **GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Operations**

Griffiss Local Development Corporation (GLDC) is a nonprofit organization whose primary purpose is to redevelop the former Griffiss Air Force Base in Rome, New York, and, among other things, develop the Griffiss Business and Technology Park. To accomplish this objective, GLDC maintains contact with the U.S. Air Force, Department of Defense, related Federal agencies, and other agencies of state and local government, encourages community input for redevelopment plans, borrows funds and may buy, sell, improve, maintain, and lease former base property. A significant portion of GLDC's activities are funded by revenues derived from the leasing and sale of property and related income. In addition, GLDC receives Federal or New York State grants. These grants are generally earmarked for capital improvements and economic development activities within the Griffiss Business and Technology Park.

#### **Principles of Consolidation**

The consolidated financial statements include the accounts of GLDC and its subsidiaries, Cardinal Griffiss Realty, LLC (CGR) and 99 Otis Street, LLC (99 Otis St.). Intercompany transactions have been eliminated.

CGR was formed during 2010 with GLDC as the 99.99% owner. The primary purpose was to acquire certain property, construct a building, and to enter into a sublease agreement with Assured Information Security, Inc. Economic Development Growth Enterprises Corporation (EDGE) holds the noncontrolling (.01%) interest in CGR.

99 Otis St. was formed during 2018 with the primary purpose of facilitating and supporting the corporate purposes of GLDC (55% member) and New York State Technology Enterprise Corporation (NYSTEC) (45% member), both New York State not-for-profit corporations, and in particular maintaining, owning, operating, developing, financing, and leasing one or more properties for the purposes of providing facilities for the provision of services to maintain, strengthen, and expand the uses and viability of the former Griffiss Air Force Base in the City of Rome, NY.

#### **Basis of Presentation**

These consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The focus is on the corporation as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. This is accomplished by reporting information regarding financial position and activities according to two classes: net assets without donor restrictions or net assets with donor restrictions. At December 31, 2023 and 2022, GLDC only maintained net assets without donor restrictions.

# GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Use of Estimates

The preparation of consolidated financial statements in conformity 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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

For purposes of the Consolidated Statements of Cash Flows, GLDC and its subsidiaries consider all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### Receivables

At December 31, 2022, receivables were carried at unpaid balances, less an allowance for uncollectible amounts. A provision was established for accounts receivable which may ultimately prove to be uncollectible. The basis for the provision was an analysis of current accounts. The allowance for doubtful accounts was \$10,070 for the year ended December 31, 2022.

On January 1, 2023, GLDC adopted the Financial Accounting Standards Board Accounting Standards Update 2016-13 (ASU 2016-13), *Financial Instruments – Credit Losses (Topic 326) (CECL)*. Accounts receivable primarily consists of amounts billed to customers for rent and for facility and grounds maintenance services. The receivables are now presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. GLDC separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the balance sheet date, GLDC develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. As of December 31, 2023, GLDC increased its historical loss rates for each category by 2% based on forward-looking information, such as inflation and other economic factors impacting customers, that is reasonable and supportable in determining expected credit losses. As a result of this, management believes an allowance for credit loss is not material.

The following table summarizes the activity related to the allowance for credit losses for the year ended December 31, 2023 under the CECL methodology:

Balance, December 31, 2022	\$ 10,070
Impact of the adoption of the new credit loss standard	(10,070)
Provisions	0
Write-offs, net of recoveries	<u>0</u>
Balance, December 31, 2023	<u>\$ 0</u>

# GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants receivable and amounts due from related organizations have been deemed to be fully collectible, therefore, an allowance has not been established.

#### Loan Participation Note

The loan participation note represents GLDC's participation (investment) in the financing provided by GLDC to Utica Industrial Development Corporation as part of a \$650,000 loan to assist Orgill, Inc. with site and infrastructure work (referred to in these notes as the Orgill Project). No collateral was required. The note is carried at GLDC's share of unpaid principal balances on the related debt. Due to the type of instrument involved, management believes an allowance for loan loss is not material.

#### Property and Depreciation

GLDC capitalizes certain expenditures for land, building and site improvements, roadways and improvements, railways and improvements, utility improvements, signage, and vehicles and automotive equipment located in the Griffiss Business and Technology Park. GLDC also capitalizes expenditures for office equipment which exceed \$5,000. Expenditures for improvements to property used in the property rental program are capitalized and depreciated over the life of the lease. All other capitalized expenditures are depreciated over the useful life of the property and recorded at historical cost if purchased or fair value if contributed.

Depreciation is recorded using the straight-line method as follows:

	<u>Estimated Useful Lives</u>
Building and Site Improvements, Roadways and Improvements, Railways and Improvements, and Utility Improvements	3-39 Years
Signage, Office Equipment, and Vehicles and Automotive Equipment	3-7 Years

CGR has recorded the total costs incurred for construction of a building. These costs included interest costs on related debt, which were capitalized prior to the building being placed in service. The building is being depreciated over 39 years, the estimated useful life, using the straight-line method of depreciation.

99 Otis St. has also recorded the total costs incurred for construction of a building. These costs included interest costs on related debt, which were capitalized prior to the building being placed in service. The building is being depreciated over 39 years, the estimated useful life, using the straight-line method of depreciation.

Depreciation expense amounted to \$1,612,481 and \$1,472,206 for the years ended December 31, 2023 and 2022, respectively.

# GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Project Costs

##### *Sovena USA*

GLDC has developed and financed a portion of the infrastructure and site improvements necessary to support the Sovena USA Distribution Center (collectively the Sovena USA Project Costs) that opened in 2007 at the Griffiss Business and Technology Park. Sovena USA reimburses GLDC for these costs, which totaled \$4,029,689 when the project was completed, through a PILOT. The agreement is for 25 years ending in 2032. The PILOT agreement, between Oneida County Industrial Development Agency (OCIDA) and Sovena USA required Sovena USA to pay an annual PILOT amount directly to the OCIDA each year.

Each year OCIDA reimburses GLDC in the amount equal to GLDC's annual debt service on the Sovena USA Project Cost, and then pays to each taxing jurisdiction their share of the remaining PILOT payments in accordance with a separate allocation agreement. GLDC amortizes these costs over the same 25-year period of time as the PILOT. The net balance of these costs after amortization is \$1,450,682 and \$1,611,870 at December 31, 2023 and 2022, respectively. Amortization expense for each of the years ended December 31, 2023 and 2022 is \$161,188. The impact of the project on GLDC is revenue/expenditure neutral. Estimated amortization expense for each of the next five years is expected to be \$161,188.

##### *Orgill, Inc.*

During the year ended December 31, 2021, GLDC assisted in financing the costs related to the Orgill Project, as noted above, which is located in the Griffiss Business and Technology Park. GLDC's financing of the costs was funded by two related debt agreements (See Note 7). These costs are being repaid by Orgill to OCIDA, which totaled \$3,650,000 when the project was completed, as part of a PILOT involving the County of Oneida, NY, Rome City School District, City of Rome, OCIDA, and GLDC. The agreement is collateralized by two letters of credit obtained by Orgill, Inc.

Each year, OCIDA is expected to reimburse GLDC in the amount equal to GLDC's annual debt service on the project, and then pays to each taxing jurisdiction their share of the remaining PILOT payments in accordance with a separate allocation agreement. GLDC will amortize these costs over the same 15-year period of time as the debt service principal portion of the allocation agreement, which started in 2022. The net balance of these costs after amortization is \$3,386,389 and \$3,629,722 at each of the years ended December 31, 2023 and 2022, respectively. Amortization expense for the years ended December 31, 2023 and 2022 is \$243,333 and \$20,278, respectively. The impact of the project on GLDC is revenue/expenditure neutral. Estimated amortization expense for each of the next five years is expected to be \$243,333.

# GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Goodwill**

Intangible assets not subject to amortization consist of goodwill in the amount of \$132,000 obtained through acquisition of a business during 2011. Goodwill is tested for impairment annually. No adjustments were made for impairment losses for each of the years ended December 31, 2023 and 2022.

#### **Deferred Revenue**

Income from rental property received in advance is deferred and recognized in the period to which it relates.

#### **Capital Improvement Reserve**

GLDC has established a Capital Improvement Reserve Fund, which is funded with proceeds from the first sale of certain property within the Griffiss Business and Technology Park. A specific allocation of proceeds from those sales is deferred in accordance with an agreement in place. Amounts in the reserve will be used to help defray the cost of certain future capital improvements to be made to premises and/or facilities located within the boundaries of the Business Park including capital improvements to the public infrastructure. Revenue will be recognized when these performance obligations have been met. Revenue recognized from the use of this reserve during the year ended December 31, 2023 and 2022 was \$0 and \$3,181, respectively.

#### **Skyline Gateway Redevelopment Fund**

GLDC has also established a Skyline Gateway Redevelopment Fund, which is funded with certain proceeds of the Orgill, Inc. PILOT Allocation agreement mentioned above. Revenue from those certain proceeds received are deferred in accordance with the agreement in place. The fund is administered by GLDC and amounts in the reserve will be used to finance, refinance, or fund certain costs associated with the acquisition of certain project property, as well as the design, engineering, installation, and/or construction of certain improvements or development costs. Revenue will be recognized when these performance obligations have been met.

#### **Rail Improvement Reserve**

GLDC has also established a Rail Improvement Reserve, which is funded with certain proceeds of the Sovena USA PILOT Allocation agreement mentioned above. Revenue from those certain proceeds received are deferred in accordance with the agreement in place. The fund is administered by GLDC and amounts in the reserve are available to support maintenance of the rail line at Griffiss Business and Technology Park. Revenue will be recognized when these performance obligations have been met.

# GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Lease Acquisition Costs

Lease acquisition costs in the amount of \$619,212 and \$697,609 for the years ended December 31, 2023 and 2022, respectively, have been incurred as part of GLDC's and 99 Otis Street's activities as lessor. These costs have been capitalized and are being amortized over the original term of the related leases. Accumulated amortization on these costs is \$393,571 and \$454,176 at December 31, 2023 and 2022, respectively. Amortization expense for the years ended December 31, 2023 and 2022 is \$93,567 and \$98,857, respectively. Estimated amortization expense over the next 5 years is expected to be:

Year Ended December 31:	
2024	\$ 68,583
2025	\$ 66,601
2026	\$ 47,278
2027	\$ 27,540
2028	\$ 14,433

#### Revenue Recognition

The following policies apply to major categories of revenue transactions with customers which include snowplowing, lawn maintenance, common area maintenance charges included in the lease agreements, payments in lieu of taxes, and sale of property:

- GLDC recognizes revenue based on a fixed monthly transaction price for snowplowing and lawn maintenance as they have satisfied a performance obligation by providing a service to the customer. Revenue is recognized as customers are billed monthly.
- GLDC bills and recognizes revenue on a monthly basis for common area maintenance charges and payments in lieu of taxes based on agreements in place with customers. These amounts are included in the same invoice as leases, but allocated and recognized separately.
- GLDC recognizes revenue from sales of property when full control of the property is transferred to the buyer at closing. Deposits may be required in advance and final payment or financing is due at closing. A gain or loss may be recognized for the difference between the consideration received and the asset's carrying amount, if applicable.
- Agreement terms with customers generally do not include any obligations to perform future services.
- There is currently no concentration of credit risk related to customers.
- Historically, impairment losses on accounts receivable have not been material relating to any of these revenue streams.



# GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The timing of revenue recognition, billings, and cash collections noted above results in billed accounts receivable and deferred revenue (contract liabilities), excluding deferred lease revenue. GLDC, CGR and 99 Otis Street all do not have unbilled receivables (contract assets). Amounts are billed upon completion of the service, generally at the time of revenue recognition.

The beginning and ending receivable and contract balances at December 31, were as follows:

	2023	2022	2021
<i>Accounts Receivable</i>			
Customer Accounts Receivable, Net	\$ 101,748	\$ 80,226	\$ 40,185
Sovena PILOT Receivable	0	158,890	121,581
Total Accounts Receivable	\$ 101,748	\$ 239,116	\$ 161,766
<i>Deferred Revenues</i>			
Property Purchase Deposits	\$ 8,889	\$ 8,889	\$ 13,333
Deferred Revenue – CAM	997	2,881	3,843
Deferred Revenue – PILOT	684	8,199	11,766
Total Deferred Revenues	\$ 10,570	\$ 19,969	\$ 28,942

A portion of GLDC’s revenue is derived from cost-reimbursable federal, state, and local grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when GLDC has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

#### **Advertising**

All advertising costs are expensed as incurred. For the years ended December 31, 2023 and 2022, amounts expensed to advertising and promotion totaled \$6,896 and \$10,041, respectively.

#### **Expense Allocation**

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation, payroll taxes, employee benefits and service fees, which are allocated on the basis of estimates of time and effort. Other expenses are directly classified among the following program and supporting services:

Redevelopment and Leasing - All expenses necessary for the planning and implementation of the redevelopment of real estate within the Griffiss Business and Technology Park.

Marketing and Promotion - All expenses attributable to the marketing and promotion of the Griffiss Business and Technology Park facilities.

# GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management and General - All administrative expenses necessary to operate GLDC which are not specifically identifiable to program services.

#### **Reclassifications**

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

#### **Adoption of New Accounting Standard**

On January 1, 2023, GLDC adopted the Financial Accounting Standards Board Accounting Standards Update 2016-13 (ASU 2016-13), *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This update requires a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset.

Adoption of ASU 2016-13 did not have a material financial effect on the consolidated financial statements. However, GLDC has provided the additional disclosure requirements in Note 1.

### NOTE 2 INCOME TAXES

GLDC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and utilizes December 31 as its year end. The Corporation has also been determined to be other than a private foundation, as it is an organization described in Section 509(a)(1) of the Internal Revenue Code. As such, no provision for income taxes is reflected in the financial statements.

Cardinal Griffiss Realty, LLC is considered a disregarded entity and is not subject to income taxes. Consequently, no provision for income taxes is required in the accompanying consolidated financial statements.

99 Otis Street, LLC is a New York State limited liability company and has elected to be treated as a partnership for income tax purposes. Any taxable income would flow through to the members. Consequently, no provision for income taxes is required in the accompanying consolidated financial statements.

# **GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **NOTE 3 LIQUIDITY AND AVAILABILITY OF FUNDS**

At December 31, 2023, GLDC and its subsidiaries had \$4,876,100 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$2,815,896, less amounts for the capital improvement reserve of \$424,511, the railroad improvement fund of \$90,000, and the skyline gateway redevelopment fund of \$223,108, and receivables of \$2,797,823. At December 31, 2022, GLDC and its subsidiaries had \$4,731,307 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$3,929,430, less amounts for the capital improvement reserve of \$424,511 and the railroad improvement fund of \$75,000, and the skyline gateway redevelopment fund of \$194,879, and receivables of \$1,496,267. There are no other financial assets that are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet dates. For each year, the receivables are subject to time restrictions but are expected to be collected within one year.

GLDC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, GLDC invests cash in excess of daily requirements in various short-term investments including certificate of deposits and money market accounts. As more fully described in Note 6, GLDC also has a line of credit in the amount of \$1.5 million, of which the full amount is available on December 31, 2023, and which it could draw upon in the event of an unanticipated liquidity need.

### **NOTE 4 CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject GLDC and its subsidiaries to a concentration of credit risk consist principally of cash and notes receivable. GLDC maintained bank accounts at three financial institutions which were in excess of Federal Deposit Insurance Corporation (FDIC) coverage limits at December 31, 2023 and 2022; however management considers this to be a normal business risk.

Concentrations of credit risk with respect to notes receivable arise from the fact that all notes receivable pertain to companies operating in the local community and, therefore, may be adversely affected by changes in the local economy. GLDC requires collateral on all notes to the fullest extent possible.

### **NOTE 5 PROPERTY/BUILDING LEASES**

The United States Air Force (USAF) conveyed various buildings and property located in the Griffiss Business and Technology Park to OCIDA. GLDC leases back this property from OCIDA pursuant to various leases at de minimis amounts. GLDC also has the right to obtain the fee title to the leased property at any time for nominal consideration and to sublease these parcels.

# GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 5 PROPERTY/BUILDING LEASES (Continued)

GLDC subleases the commercial space to several third parties under noncancelable operating leases. The terms of the leases range from 1 to 55 years with various renewal options with lease payments ranging from \$6,000 to \$366,300 annually over the terms of the leases. There are no variable lease payments. Leases do not transfer ownership of the underlying assets to the lessee. Total lease income received for the years ended December 31, 2023 and 2022 was \$1,773,160 and \$1,769,207, respectively.

The determination of whether an arrangement is a lease is made at the lease's inception. GLDC will only reassess if the terms and conditions of the contract are changed. Many of the lease contracts contain separate fee requirements for common area maintenance and other service fees. Under FASB ASC 842, these services are considered a nonlease component which GLDC recognizes and accounts for separately under revenue recognition standards (See Note 1).

It is management's policy to calculate depreciation and residual value annually. To minimize risk, management continually monitors the market, as well as other economic and industry factors that may have an impact on the residual values of leased assets. The assets are also covered by fire, liability, and property and casualty insurance and are subject to periodic inspection on an as needed basis.

The following is an analysis of the carrying amounts of the underlying buildings and building improvements relating to the operating leases at December 31:

<u>Category</u>	<u>2023</u>	<u>2022</u>
Buildings	\$ 5,830,489	\$ 5,830,489
Building Improvements	18,816,420	17,389,569
Accumulated Depreciation	<u>(19,081,869)</u>	<u>(18,229,405)</u>
	<u>\$ 5,565,040</u>	<u>\$ 4,990,653</u>

The estimated future minimum sublease payments to be received by GLDC are as follows:

<u>Year</u>	<u>Lease Income</u>
2024	\$ 1,689,897
2025	1,009,101
2026	786,936
2027	733,376
2028	733,376
Thereafter	<u>1,257,360</u>
Total	<u>\$ 6,210,046</u>

CGR is sub-leasing space in a 46,305 square foot building constructed at 153 Brooks Road, Rome, NY to Assured Information Security, Inc. The operating lease, which is non-cancelable, is for an original term of 15 years and contains 2 options to renew the lease in 5-year increments.

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5 PROPERTY/BUILDING LEASES (Continued)**

During the year ended December 31, 2017, CGR commenced sub-leasing of additional space to the same company and in the same building. The original term of this additional sub-lease is through October 31, 2026 and contains 2 options to renew the lease in 5-year increments.

Lease income for each of the years ended December 31, 2023 and 2022 was \$1,019,509.

The following is an analysis of the carrying amounts of the underlying building and building improvements relating to the operating lease at December 31:

<u>Category</u>	<u>2023</u>	<u>2022</u>
Building	\$ 8,676,775	\$ 8,676,775
Building Improvements	1,040,340	821,330
Accumulated Depreciation	<u>(2,844,521)</u>	<u>(2,595,834)</u>
	<u>\$ 6,872,594</u>	<u>\$ 6,902,271</u>

The estimated future minimum sublease payments to be received by CGR are as follows:

<u>Year</u>	<u>Lease Income</u>
2024	1,047,269
2025	1,047,269
2026	<u>872,725</u>
Total	<u>\$ 2,967,263</u>

CGR, as tenant, is concurrently leasing the same location from OCIDA, as landlord, for \$500 per year.

On October 1, 2019, 99 Otis St. commenced subleasing the second floor of a 32,110 square foot building at 99 Otis St, Rome, NY to NYSTEC. The operating lease, which is non-cancelable, is for an original term of 10 years and contains 2 options to renew the lease in 5-year increments.

On March 1, 2020, 99 Otis St. commenced subleasing the first floor of the same building to a tenant. This operating lease, which is non-cancelable, is for an original term of 7 years and 6 months and contains 2 options to renew the lease in 5-year increments.

Lease income for each of the years ended December 31, 2023 and 2022 was \$667,676.

The following is an analysis of the carrying amounts of the underlying building and building improvements relating to the operating lease at December 31:

<u>Category</u>	<u>2023</u>	<u>2022</u>
Building	\$ 6,888,084	\$ 6,888,084
Building Improvements	874,694	874,694
Accumulated Depreciation	<u>(1,120,205)</u>	<u>(810,376)</u>
	<u>\$ 6,642,573</u>	<u>\$ 6,952,402</u>

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5 PROPERTY/BUILDING LEASES (Continued)**

The estimated future minimum sublease payments to be received by 99 Otis St. are as follows:

<u>Year</u>	<u>Lease Income</u>
2024	\$ 638,787
2025	663,430
2026	670,601
2027	553,805
2028	309,908
Thereafter	<u>3,735,884</u>
Total	<u>\$ 6,572,415</u>

99 Otis St., as tenant, is concurrently leasing the same location from OCIDA, as landlord, for \$750 per year.

**NOTE 6 LINE OF CREDIT**

GLDC has a \$1.5 million unsecured line of credit with M&T Bank at a variable interest rate. The line of credit had a zero balance at each of the years ended December 31, 2023 and 2022.

**NOTE 7 LONG-TERM DEBT**

At December 31, 2023 and 2022, long-term debt consisted of the following:

	<u>2023</u>	<u>2022</u>
<b><u>GLDC</u></b>		
Loan payable to M&T Bank which is due January 9, 2027, for the purpose of site improvements, rail and roadway improvements, and certain other fees and expense related to the Sovena project. The loan is currently being repaid by monthly interest payments at 4.96% per annum and an annual principal payment of \$60,000. A final lump sum principal payment will be due at maturity. The note is collateralized by a first position in the proceeds of the Payment in Lieu of Tax/Tax Incentive Financing Agreements that pertain to the Sovena USA Project as described in Note 1.	\$ 522,435	\$ 582,435

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 7 LONG-TERM DEBT (Continued)**

	<u>2023</u>	<u>2022</u>
<p>Loan payable to NBT Bank due May 1, 2028 to finance demolition and improvements to the former building 240 site and associated real property located in Griffiss Business and Technology Park in Rome, NY. The loan was secured by a mortgage on the property and related documents. It was being repaid with variable monthly payments in an amount needed to amortize the loan over 120 months, including a variable rate of interest, which was 6.32% on December 31, 2022. The loan was paid in full during 2023.</p>	0	67,109
<p>Loan payable to Mohawk Valley Rehabilitation Corporation due December 29, 2025 which was used to provide working capital. The loan is unsecured and is currently being repaid with monthly principal payments only \$3,502, including interest at 2.44% per annum.</p>	81,950	121,450
<p>Loan payable to First Source Federal Credit Union due November 19, 2026 to finance the purchase of business equipment which is collateralized by a security interest in the equipment itself. The loan is currently being repaid with monthly payments of \$2,455, including interest at 2.5% per annum, until maturity.</p>	82,789	109,816
<p>Participation Loan payable to Utica Industrial Development Corporation due November 8, 2031 to assist with financing the Orgill project. GLDC's share of the participation is \$143,500 and is recorded as a Note Receivable. (See Note 1). The loan is collateralized by a second in line security interest in a portion of the PILOT agreement, as defined by the debt service payments section of the PILOT allocation agreement. The loan is further secured by a letter of credit from Orgill guaranteeing payments on the PILOT. GLDC was making interest-only payments until November 8, 2022. The loan is currently be repaid with monthly payments in the amount of \$4,808 until maturity, including interest at 4% per annum.</p>	614,968	647,359

# GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 7 LONG-TERM DEBT (Continued)

	<u>2023</u>	<u>2022</u>
<p>Loan payable to Adirondack Bank due November 8, 2032 to assist with financing the Orgill project. The loan is net of unamortized closing costs of \$20,186 and \$22,450 at December 31, 2023 and 2022, respectively. The loan is collateralized by a security interest in a portion of the PILOT agreement, as defined by the debt service payments section of the PILOT allocation agreement. The loan is further secured by a letter of credit from Orgill guaranteeing payments on the PILOT. GLDC was making interest-only payments until November 8, 2022. The loan is currently being repaid with monthly payments in the amount of \$22,050 until maturity, including interest at 3.91% per annum.</p>	2,817,513	2,965,185
<p>Loan payable to Adirondack Bank due August 18, 2031 which was used to refinance various loans. The loan is net of unamortized closing costs of \$38,508 and \$43,531 at December 31, 2023 and 2022, respectively. The loan is collateralized by a security interest in certain property located on Daedalian Drive and Brooks Road, including assignment of leases and rents, equipment, fixtures and personal property, and certain deposit accounts. The loan is currently being repaid with monthly payments in the amount of \$19,426 until maturity, including interest at 3.51% per annum.</p>	1,528,566	1,697,518
<p><b><u>Cardinal Griffiss Realty, LLC</u></b></p>		
<p>Loan payable to Adirondack Bank due September 18, 2031 which was used to refinance loans originally used to finance construction and improvements to a building, as well as to refinance a portion of the intercompany loan with GLDC noted below. The loan is net of unamortized closing costs of \$12,951 and \$14,640 at December 31, 2023 and 2022, respectively. The loan is collateralized by a security interest in certain property located on Brooks Road, including assignment of leases and rents, equipment, fixtures and personal property, and certain deposit accounts. The loan is currently being repaid with monthly payments in the amount of \$19,505 until maturity, including interest at 3.51% per annum.</p>	2,380,848	2,525,208



**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 7 LONG-TERM DEBT (Continued)**

	<u>2023</u>	<u>2022</u>
<b><u>99 Otis St, LLC</u></b>		
Loan payable to EDGE due April 1, 2035 to assist in financing the construction of a building. The loan is net of closing costs of \$9,536 and \$10,377 at December 31, 2023 and 2022, respectively. It is secured by a mortgage interest in related land, building improvements, and equipment, as well as an assignment of leases and rents. It is further secured by a guaranty from GLDC and NYSTEC. The loan is currently being repaid with monthly principal and interest payments of \$3,883, including interest at 4% per annum.	414,544	442,708
Loan payable to Mohawk Valley Economic Development District, Inc. due April 1, 2035 to assist in financing the construction of a building. The loan is net of closing costs of \$5,916 and \$6,438 at December 31, 2023 and 2022, respectively. It is secured by a mortgage interest in related land, building improvements, and equipment, as well as an assignment of leases and rents. It is further secured by a guaranty from GLDC and NYSTEC. The loan is currently being repaid with monthly principal and interest payments of \$2,734, including interest at 4% per annum.	296,998	317,194
Loan payable to M&T Bank due November 20, 2030 to assist in financing the construction of a building on Otis Street located in Griffiss Business and Technology Park in Rome, NY. The loan is secured by a first lien mortgage on the fee simple estate to the premises located at 99 Otis Street, Rome, NY, a first position security interest in all fixtures, equipment and personal property affixed to, owned by 99 Otis St. and used in connection with or the operation of the premises, an assignment of leases and rents, and an assignment of contracts, plans, and permits relating to the construction. In addition, the loan is further secured by a guaranty from GLDC and NYSTEC. The loan is net of unamortized closing costs of \$27,184 and \$31,115 at December 31, 2023 and 2022, respectively. The loan is currently being repaid with monthly payments of \$15,058, including interest at 3.38% per annum.	2,289,714	2,385,214

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 7 LONG-TERM DEBT (Continued)**

	<u>2023</u>	<u>2022</u>
Loan payable to M&T Bank due August 14, 2036 to assist in financing leasehold improvements for the buildout of space to a building on Otis Street located in Griffiss Business and Technology Park in Rome, NY. The loan is secured by a second lien mortgage on the fee simple estate to the premises located at 99 Otis Street, Rome, NY, a second position security interest in all fixtures, equipment and personal property affixed to, owned by 99 Otis St. and used in connection with or the operation of the premises, an assignment of leases and rents, and an assignment of contracts, plans, and permits relating to the construction. In addition, the loan is further secured by a guaranty from GLDC and NYSTEC. The loan is net of unamortized closing costs of \$10,181 and \$10,958 at December 31, 2023 and 2022, respectively. The loan is currently being repaid with monthly payments of \$4,516, including interest at 3.38% per annum.		
Total	532,574	564,451
Less: Current Maturities of Long-Term Debt	11,562,899	12,425,647
Total Long-Term Debt	<u>820,885</u>	<u>806,089</u>
	<u>\$ 10,742,014</u>	<u>\$ 11,619,558</u>

The following are maturities of long-term debt for the next five years and thereafter:

<u>Years</u>	<u>99 Otis St. Amount</u>	<u>CGR Amount</u>	<u>GLDC Amount</u>	<u>Total Amount</u>
2024	\$ 182,214	\$ 149,405	\$ 489,266	\$ 820,885
2025	189,500	155,108	505,568	850,176
2026	196,780	160,780	477,048	834,608
2027	204,334	166,657	748,064	1,119,055
2028	211,948	172,574	421,153	805,675
Thereafter	<u>2,549,054</u>	<u>1,576,324</u>	<u>3,007,122</u>	<u>7,132,500</u>
Total	<u>\$ 3,533,830</u>	<u>\$ 2,380,848</u>	<u>\$ 5,648,221</u>	<u>\$ 11,562,899</u>

Amortization of loan closing costs is reported in the statements of activities as interest expense.

Interest expense on the above debt for the years ended December 31, 2023 and 2022 was \$472,790 and \$497,683, respectively.

As a result of the unwind of tax credit financing on September 7, 2017, GLDC was assigned a \$6,622,200 note due from CGR which matures on August 31, 2040. The note was originally a portion of the financing for the Assured Information Security, Inc. project for construction of a building. The loan is secured by an assignment of mortgage, leases, and rents covering the land, building, and improvements. CGR is making monthly periodic payments on the loan. At December 31, 2023 and 2022, the balance of the loan is \$4,267,989 and \$4,301,358, respectively.

All intercompany loans have been eliminated through consolidation.

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 7 LONG-TERM DEBT (Continued)**

The Corporation's long-term debt agreements contain certain covenants, primarily various debt service coverage ratios with one financial institution. The Corporation was in compliance with the covenants for the year ended December 31, 2023. The Corporation was not in compliance for the year ended December 31, 2022, however, the financial institution provided a waiver for that year.

**NOTE 8 MEMBER'S EQUITY**

The change in GLDC's consolidated net assets without donor restrictions attributed to the controlling and noncontrolling interest in 99 Otis St. is as follows:

	<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>	<u>Total</u>
Balance, January 1, 2022	\$ 2,184,469	\$ 1,764,930	\$ 3,949,399
(Deficit) of Revenue over Expenses	<u>(7,650)</u>	<u>(6,259)</u>	<u>(13,909)</u>
Balance, December 31, 2022	\$ <u>2,176,819</u>	\$ <u>1,758,671</u>	\$ <u>3,935,490</u>
(Deficit) of Revenue over Expenses	<u>(7,247)</u>	<u>(5,930)</u>	<u>(13,177)</u>
Balance, December 31, 2023	\$ <u>2,169,572</u>	\$ <u>1,752,741</u>	\$ <u>3,922,313</u>

The change in GLDC's member equity attributed to Cardinal Griffiss Realty, LLC is as follows:

Balance, January 1, 2022	\$ 1,203,945
Excess of Revenue over Expenses	<u>149,744</u>
Balance, December 31, 2022	\$ <u>1,353,689</u>
Excess of Revenue over Expenses	<u>326,356</u>
Balance, December 31, 2023	\$ <u>1,680,045</u>

**NOTE 9 PENSION PLAN**

GLDC contributes to a defined contribution pension plan for all of its employees. Employees are eligible for immediate membership in the plan but will not become fully vested until completion of 1 year of service. Contributions paid to the plan are based upon 10% of participants' compensation. The amount of contributions paid to the plan on behalf of the employees of GLDC for 2023 and 2022 amounted to \$62,169 and \$55,237, respectively. At December 31, 2023 and 2022, GLDC had unpaid contributions due to the plan in the amount of \$2,432 and \$2,356, respectively.

**NOTE 10 RELATED PARTY TRANSACTIONS**

Griffiss Utility Services Corporation (GUSC) is a 509(a)(3) supporting organization of GLDC, which by definition is considered a related party. GUSC reimburses GLDC for various costs incurred for operational work, which totaled \$125,379 and \$131,445, respectively, for the years ended December 31, 2023 and 2022. At December 31, 2023 and 2022, GLDC had amounts due from Griffiss Utility Services Corporation (GUSC) of \$19,767 and \$53,635, respectively.

# GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 10 RELATED PARTY TRANSACTIONS (Continued)

GLDC, CGR, and 99 Otis St. pay GUSC for steam and electric costs incurred for their leased properties. Utility expenses for the years ended December 31, 2023 and 2022 was \$331,352 and \$499,560, respectively. At December 31, 2023 and 2022, GLDC, CGR and 99 Otis St. had amounts due to GUSC of \$9,120 and \$66,246, respectively.

### NOTE 11 GRANT CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment principally by the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable program. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although GLDC expects such amounts, if any, to be immaterial.

### NOTE 12 OTHER CONTINGENCIES

GLDC has entered into various commercial agreements including loan agreements, real property sales agreements, leases (as either a tenant or a landlord), and other agreements pursuant to which it has agreed to indemnify the other party or parties. For the most part, the indemnities granted by GLDC cover premises liability-related matters, including environmental matters, and are considered by GLDC to be either commercially required or commercially reasonable under the circumstances of the transaction in question. With respect to most, but not all, of these indemnities, GLDC has arranged for liability insurance, including environmental liability insurance, in an amount it deems adequate (less applicable deductibles) to cover its potential exposure under such indemnities.

### NOTE 13 CLASSIFICATION OF EXPENSES

The statement of activities presents expenses by functional classification with depreciation (and other changes) presented separately. The classification of expenses by function with depreciation included as a program service, which reconciles to the statement of functional expenses, is as follows:

	<u>2023</u>	<u>2022</u>
Program Services		
Redevelopment and Leasing	\$ 6,032,608	\$ 6,576,016
Marketing and Promotion	13,690	49,064
Supporting Services		
Management and General	320,149	349,331
Total Expenses	<u>\$ 6,366,447</u>	<u>\$ 6,974,411</u>

### NOTE 14 SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 25, 2024, the date on which the consolidated financial statements were available to be issued.

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

December 31, 2023

	GLDC	CGR	99 Otis St.	Combined Balance	Consolidation Elimination	Final Balance
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 1,594,456	\$ 754,421	\$ 467,019	\$ 2,815,896	\$ 0	\$ 2,815,896
Accounts Receivable, Net	76,842	0	5,139	81,981	0	81,981
Due from Related Organizations	52,941	0	0	52,941	(33,174)	19,767
Grants Receivable	2,688,632	0	0	2,688,632	0	2,688,632
Loan Participation Note - Current	7,443	0	0	7,443	0	7,443
Prepaid Assets - Current	54,930	0	17,310	72,240	0	72,240
Lease Receivable - Current	5,939	27,760	0	33,699	0	33,699
<b>Total Current Assets</b>	<b>4,481,183</b>	<b>782,181</b>	<b>489,468</b>	<b>5,752,832</b>	<b>(33,174)</b>	<b>5,719,658</b>
<b>Property</b>						
Land	2,158,023	562,500	125,000	2,845,523	0	2,845,523
Construction in Progress	591,922	0	0	591,922	0	591,922
Buildings and Site Improvements	25,647,636	9,726,041	7,762,778	43,136,455	0	43,136,455
Roadways and Improvements	5,203,440	0	0	5,203,440	0	5,203,440
Railways and Improvements	1,686,767	0	0	1,686,767	0	1,686,767
Utility Improvements	582,831	0	0	582,831	0	582,831
Signage	223,276	7,396	0	230,672	0	230,672
Furniture, Fixtures, and Equipment	949,648	130,416	21,404	1,101,468	0	1,101,468
Vehicles and Automotive Equipment	303,576	0	0	303,576	0	303,576
<b>Total Property</b>	<b>37,347,119</b>	<b>10,426,353</b>	<b>7,909,182</b>	<b>55,682,654</b>	<b>0</b>	<b>55,682,654</b>
Accumulated Depreciation	(28,014,152)	(2,896,092)	(1,126,066)	(32,036,310)	0	(32,036,310)
<b>Net Property</b>	<b>9,332,967</b>	<b>7,530,261</b>	<b>6,783,116</b>	<b>23,646,344</b>	<b>0</b>	<b>23,646,344</b>
<b>Other Long-Term Assets</b>						
Investment in Subsidiaries	3,212,800	0	0	3,212,800	(3,212,800)	0
Note Receivable from Related Organization	4,267,988	0	0	4,267,988	(4,267,988)	0
Lease Receivable	43,947	50,895	206,209	301,051	0	301,051
Prepaid and Other Assets	45,308	0	0	45,308	0	45,308
Loan Participation Note	128,328	0	0	128,328	0	128,328
Lease Acquisition Costs, Net	153,555	0	72,086	225,641	0	225,641
Project Costs, Net	4,837,071	0	0	4,837,071	0	4,837,071
Goodwill	132,000	0	0	132,000	0	132,000
<b>Total Other Long-Term Assets</b>	<b>12,820,997</b>	<b>50,895</b>	<b>278,295</b>	<b>13,150,187</b>	<b>(7,480,788)</b>	<b>5,669,399</b>
<b>Total Assets</b>	<b>\$ 26,635,147</b>	<b>\$ 8,363,337</b>	<b>\$ 7,550,879</b>	<b>\$ 42,549,363</b>	<b>\$ (7,513,962)</b>	<b>\$ 35,035,401</b>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities</b>						
Accounts Payable and Accrued Expenses	\$ 2,081,310	\$ 6,077	\$ 33,303	\$ 2,120,690	\$ 0	\$ 2,120,690
Due to Related Organization	5,807	28,379	8,108	42,294	(33,174)	9,120
Deferred Revenue	67,660	0	53,325	120,985	0	120,985
Current Maturities of Long-Term Debt	489,266	149,405	182,214	820,885	0	820,885
<b>Total Current Liabilities</b>	<b>2,644,043</b>	<b>183,861</b>	<b>276,950</b>	<b>3,104,854</b>	<b>(33,174)</b>	<b>3,071,680</b>
<b>Long-Term Liabilities</b>						
Capital Improvement Reserve	424,511	0	0	424,511	0	424,511
Railroad Improvement Fund	90,000	0	0	90,000	0	90,000
Skyline Gateway Redevelopment Fund	223,108	0	0	223,108	0	223,108
Compensated Absences	46,507	0	0	46,507	0	46,507
Long-Term Debt	5,158,955	6,499,431	3,351,616	15,010,002	(4,267,988)	10,742,014
<b>Total Long-Term Liabilities</b>	<b>5,943,081</b>	<b>6,499,431</b>	<b>3,351,616</b>	<b>15,794,128</b>	<b>(4,267,988)</b>	<b>11,526,140</b>
<b>Net Assets</b>						
Members' Equity	0	1,680,045	3,922,313	5,602,358	(3,212,800)	2,389,558
Net Assets without Donor Restrictions	18,048,023	0	0	18,048,023	0	18,048,023
<b>Total Net Assets</b>	<b>18,048,023</b>	<b>1,680,045</b>	<b>3,922,313</b>	<b>23,650,381</b>	<b>(3,212,800)</b>	<b>20,437,581</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 26,635,147</b>	<b>\$ 8,363,337</b>	<b>\$ 7,550,879</b>	<b>\$ 42,549,363</b>	<b>\$ (7,513,962)</b>	<b>\$ 35,035,401</b>

See Independent Auditor's Report.

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
For the Year Ended December 31, 2023

	<u>GLDC</u>	<u>CGR</u>	<u>99 Otis St.</u>	<u>Combined Balance</u>	<u>Consolidation Elimination</u>	<u>Final Balance</u>
<b>Revenue and Support</b>						
Building Lease Income	\$ 1,773,160	\$ 1,019,509	\$ 667,676	\$ 3,460,345	\$ 0	\$ 3,460,345
Other Lease Related Income	360,793	20,819	9,883	391,495	0	391,495
Federal Grants	1,465,415	204,010	0	1,669,425	(204,010)	1,465,415
New York State Grants	657,538	0	0	657,538	0	657,538
Interest Income	20,993	4,037	966	25,996	0	25,996
Payments In Lieu of Taxes	504,451	0	0	504,451	0	504,451
Project Development Fees	105,853	0	0	105,853	(105,853)	0
Reimbursements and Refunds	36,374	0	0	36,374	0	36,374
Snowplowing and Lawn Maintenance	421,930	0	0	421,930	(55,621)	366,309
Other Income	272,308	0	0	272,308	(49,589)	222,719
Total Revenue and Support	<u>5,618,815</u>	<u>1,248,375</u>	<u>678,525</u>	<u>7,545,715</u>	<u>(415,073)</u>	<u>7,130,642</u>
<b>Expenses</b>						
Program Services						
Redevelopment and Leasing	3,347,044	645,110	344,958	4,337,112	(415,073)	3,922,039
Marketing and Promotion	13,690	0	0	13,690	0	13,690
Supporting Services						
Management and General	<u>289,282</u>	<u>16,672</u>	<u>14,195</u>	<u>320,149</u>	<u>0</u>	<u>320,149</u>
Total Expenses	<u>3,650,016</u>	<u>661,782</u>	<u>359,153</u>	<u>4,670,951</u>	<u>(415,073)</u>	<u>4,255,878</u>
<b>Increase in Net Assets Before Other Changes</b>	1,968,799	586,593	319,372	2,874,764	0	2,874,764
<b>Other Changes</b>						
Depreciation and Amortization Expense	<u>(1,517,783)</u>	<u>(260,237)</u>	<u>(332,549)</u>	<u>(2,110,569)</u>	<u>0</u>	<u>(2,110,569)</u>
<b>Increase (Decrease) in Net Assets</b>	451,016	326,356	(13,177)	764,195	0	764,195
<b>Net Assets, Beginning of Year</b>	<u>17,597,007</u>	<u>1,353,689</u>	<u>3,935,490</u>	<u>22,886,186</u>	<u>(3,212,800)</u>	<u>19,673,386</u>
<b>Net Assets, End of Year</b>	<u>\$ 18,048,023</u>	<u>\$ 1,680,045</u>	<u>\$ 3,922,313</u>	<u>\$ 23,650,381</u>	<u>\$ (3,212,800)</u>	<u>\$ 20,437,581</u>

See Independent Auditor's Report.

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

**December 31, 2022**

	<u>GLDC</u>	<u>CGR</u>	<u>99 Otis St.</u>	<u>Combined Balance</u>	<u>Consolidation Elimination</u>	<u>Final Balance</u>
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 3,039,675	\$ 541,683	\$ 344,116	\$ 3,925,474	\$ 3,956	\$ 3,929,430
Accounts Receivable, Net	174,487	0	10,994	185,481	0	185,481
Due from Related Organizations	87,386	0	0	87,386	(33,751)	53,635
Grants Receivable	1,250,000	0	0	1,250,000	0	1,250,000
Loan Participation Note - Current	7,151	0	0	7,151	0	7,151
Prepaid Assets - Current	39,031	300	16,286	55,617	0	55,617
Lease Receivable - Current	17,731	27,760	0	45,491	0	45,491
<b>Total Current Assets</b>	<u>4,615,461</u>	<u>569,743</u>	<u>371,396</u>	<u>5,556,600</u>	<u>(29,795)</u>	<u>5,526,805</u>
<b>Property</b>						
Land	2,158,023	562,500	125,000	2,845,523	0	2,845,523
Construction in Progress	125,672	12,500	0	138,172	0	138,172
Building and Site Improvements	24,220,785	9,507,031	7,762,778	41,490,594	0	41,490,594
Roadways and Improvements	5,203,440	0	0	5,203,440	0	5,203,440
Railways and Improvements	1,686,767	0	0	1,686,767	0	1,686,767
Utility Improvements	582,831	0	0	582,831	0	582,831
Signage	223,276	7,396	0	230,672	0	230,672
Furniture, Fixtures, and Equipment	882,846	125,000	21,404	1,029,250	0	1,029,250
Vehicles and Automotive Equipment	280,676	0	0	280,676	0	280,676
<b>Total Property</b>	<u>35,364,316</u>	<u>10,214,427</u>	<u>7,909,182</u>	<u>53,487,925</u>	<u>0</u>	<u>53,487,925</u>
Accumulated Depreciation	<u>(26,974,798)</u>	<u>(2,635,855)</u>	<u>(813,176)</u>	<u>(30,423,829)</u>	<u>0</u>	<u>(30,423,829)</u>
<b>Net Property</b>	<u>8,389,518</u>	<u>7,578,572</u>	<u>7,096,006</u>	<u>23,064,096</u>	<u>0</u>	<u>23,064,096</u>
<b>Other Long-Term Assets</b>						
Investment in Subsidiary	3,212,800	0	0	3,212,800	(3,212,800)	0
Note Receivable from Related Organization	4,301,358	0	0	4,301,358	(4,301,358)	0
Lease Receivable	38,995	78,655	164,574	282,224	0	282,224
Loan Participation Note	135,771	0	0	135,771	0	135,771
Lease Acquisition Costs, Net	151,688	0	91,745	243,433	0	243,433
Project Costs, Net	5,241,592	0	0	5,241,592	0	5,241,592
Goodwill	132,000	0	0	132,000	0	132,000
<b>Total Other Long-Term Assets</b>	<u>13,214,204</u>	<u>78,655</u>	<u>256,319</u>	<u>13,549,178</u>	<u>(7,514,158)</u>	<u>6,035,020</u>
<b>Total Assets</b>	<u>\$ 26,219,183</u>	<u>\$ 8,226,970</u>	<u>\$ 7,723,721</u>	<u>\$ 42,169,874</u>	<u>\$ (7,543,953)</u>	<u>\$ 34,625,921</u>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities</b>						
Accounts Payable and Accrued Expenses	\$ 1,535,774	\$ 5,028	\$ 16,479	\$ 1,557,281	\$ 0	\$ 1,557,281
Due to Related Organization	44,926	41,687	9,428	96,041	(29,795)	66,246
Deferred Revenue	116,357	0	52,757	169,114	0	169,114
Current Maturities of Long-Term Debt	485,193	144,360	176,536	806,089	0	806,089
<b>Total Current Liabilities</b>	<u>2,182,250</u>	<u>191,075</u>	<u>255,200</u>	<u>2,628,525</u>	<u>(29,795)</u>	<u>2,598,730</u>
<b>Long-Term Liabilities</b>						
Capital Improvement Reserve	424,511	0	0	424,511	0	424,511
Railroad Improvement Fund	75,000	0	0	75,000	0	75,000
Skyline Gateway Redevelopment Fund	194,879	0	0	194,879	0	194,879
Compensated Absences	39,857	0	0	39,857	0	39,857
Long-Term Debt	5,705,679	6,682,206	3,533,031	15,920,916	(4,301,358)	11,619,558
<b>Total Long-Term Liabilities</b>	<u>6,439,926</u>	<u>6,682,206</u>	<u>3,533,031</u>	<u>16,655,163</u>	<u>(4,301,358)</u>	<u>12,353,805</u>
<b>Net Assets</b>						
Member's Equity	0	1,353,689	3,935,490	5,289,179	(3,212,800)	2,076,379
Net Assets without Donor Restrictions	17,597,007	0	0	17,597,007	0	17,597,007
<b>Total Net Assets</b>	<u>17,597,007</u>	<u>1,353,689</u>	<u>3,935,490</u>	<u>22,886,186</u>	<u>(3,212,800)</u>	<u>19,673,386</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 26,219,183</u>	<u>\$ 8,226,970</u>	<u>\$ 7,723,721</u>	<u>\$ 42,169,874</u>	<u>\$ (7,543,953)</u>	<u>\$ 34,625,921</u>

See Independent Auditor's Report.

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**For the Year Ended December 31, 2022**

	<u>GLDC</u>	<u>CGR</u>	<u>99 Otis St.</u>	<u>Combined Balance</u>	<u>Consolidation Elimination</u>	<u>Final Balance</u>
<b>Revenue and Support</b>						
Building Lease Income	\$ 1,769,207	\$ 1,019,509	\$ 667,676	\$ 3,456,392	\$ 0	\$ 3,456,392
Other Lease Related Income	381,687	20,819	9,883	412,389	0	412,389
New York State Grants	1,250,000	0	0	1,250,000	0	1,250,000
Interest Income	7,879	385	24	8,288	0	8,288
Payments In Lieu of Taxes	353,596	0	0	353,596	0	353,596
Project Development Fees	105,853	0	0	105,853	(105,853)	0
Reimbursements and Refunds	46,838	0	0	46,838	0	46,838
Snowplowing and Lawn Maintenance	369,380	0	0	369,380	(53,041)	316,339
Other Income	<u>176,986</u>	<u>0</u>	<u>0</u>	<u>176,986</u>	<u>(35,922)</u>	<u>141,064</u>
Total Revenue and Support	<u>4,461,426</u>	<u>1,040,713</u>	<u>677,583</u>	<u>6,179,722</u>	<u>(194,816)</u>	<u>5,984,906</u>
<b>Expenses</b>						
Program Services						
Redevelopment and Leasing	4,052,564	620,533	345,206	5,018,303	(194,816)	4,823,487
Marketing and Promotion	49,064	0	0	49,064	0	49,064
Supporting Services						
Management and General	<u>321,296</u>	<u>14,043</u>	<u>13,992</u>	<u>349,331</u>	<u>0</u>	<u>349,331</u>
Total Expenses	<u>4,422,924</u>	<u>634,576</u>	<u>359,198</u>	<u>5,416,698</u>	<u>(194,816)</u>	<u>5,221,882</u>
<b>Increase in Net Assets Before Other Changes</b>	<u>38,502</u>	<u>406,137</u>	<u>318,385</u>	<u>763,024</u>	<u>0</u>	<u>763,024</u>
<b>Other Changes</b>						
Depreciation and Amortization Expense	(1,163,842)	(256,393)	(332,294)	(1,752,529)	0	(1,752,529)
Net (Loss) on Sales of Property	<u>(40,074)</u>	<u>0</u>	<u>0</u>	<u>(40,074)</u>	<u>0</u>	<u>(40,074)</u>
Total Other Changes	<u>(1,203,916)</u>	<u>(256,393)</u>	<u>(332,294)</u>	<u>(1,792,603)</u>	<u>0</u>	<u>(1,792,603)</u>
<b>Increase (Decrease) in Net Assets</b>	<u>(1,165,414)</u>	<u>149,744</u>	<u>(13,909)</u>	<u>(1,029,579)</u>	<u>0</u>	<u>(1,029,579)</u>
<b>Net Assets , Beginning of Year</b>	18,700,145	1,069,770	3,833,193	23,603,108	(3,212,800)	20,390,308
<b>Cumulative Effect of Change in Accounting Principle</b>	<u>62,276</u>	<u>134,175</u>	<u>116,206</u>	<u>312,657</u>	<u>0</u>	<u>312,657</u>
<b>Net Assets, Beginning of Year (Restated)</b>	<u>18,762,421</u>	<u>1,203,945</u>	<u>3,949,399</u>	<u>23,915,765</u>	<u>(3,212,800)</u>	<u>20,702,965</u>
<b>Net Assets, End of Year</b>	<u>\$ 17,597,007</u>	<u>\$ 1,353,689</u>	<u>\$ 3,935,490</u>	<u>\$ 22,886,186</u>	<u>\$ (3,212,800)</u>	<u>\$ 19,673,386</u>

See Independent Auditor's Report.



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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with Government Auditing Standards**

Board of Directors  
Griffiss Local Development Corporation and Subsidiaries

We have audited, in accordance with the 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 consolidated financial statements of Griffiss Local Development Corporation, (a nonprofit organization) and subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 25, 2024. The financial statements of the subsidiaries, Cardinal Griffiss Realty, LLC, and 99 Otis Street, LLC, were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with them.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Griffiss Local Development 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Griffiss Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Griffiss Local Development 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 organization's consolidated 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.

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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Griffiss Local Development Corporation's consolidated 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 determination of consolidated financial statement amounts. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*D'Arcangelo + Co., LLP*

March 25, 2024

Rome, New York

**D'Arcangelo & Co., LLP**  
**Certified Public Accountants & Consultants**

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300  
315-336-9220 Fax: 315-336-0836

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors  
Griffiss Local Development Corporation and Subsidiaries

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Griffiss Local Development Corporation's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Griffiss Local Development Corporation's major federal programs for the year ended December 31, 2023. Griffiss Local Development Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Griffiss Local Development Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Griffiss Local Development Corporation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Griffiss Local Development Corporation's compliance with the compliance requirements referred to above.

***Management's Responsibilities for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts and grant agreements applicable to Griffiss Local Development Corporation's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Griffiss Local Development Corporation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate,

it would influence the judgment made by a reasonable user of the report on compliance about Griffiss Local Development Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Griffiss Local Development Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Griffiss Local Development Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Griffiss Local Development Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*D'Arcangelo + Co., LLP*

March 25, 2024

Rome, New York

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2023**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
Economic Development Cluster:			
<u>U.S. Department of Commerce</u>			
(Direct)			
Investments for Public Works and Economic Development Facilities	11.300	\$ 1,412,931	\$ 204,010
Total U.S. Department of Commerce		<u>1,412,931</u>	<u>204,010</u>
Total Economic Development Cluster		<u>1,412,931</u>	<u>204,010</u>
<u>U.S. Department of Treasury</u>			
(Pass Through Oneida County)			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>52,484</u>	<u>          </u>
<u>Total Expenditures of Federal Awards</u>		<u>\$ 1,465,415</u>	<u>\$ 204,010</u>

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Griffiss Local Development Corporation (GLDC), an entity as defined in Note 1 to GLDC's consolidated financial statements, under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of GLDC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of GLDC.

***Basis of Accounting***

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported as federal expenditures were obtained from the financial records detail, which is the source of the consolidated financial statements.

***Cluster Programs***

The following programs are identified by "OMB Compliance Supplement" to be part of a cluster of programs:

**U.S. Department of Commerce**

**Economic Development Cluster**

**AL #11.300 Investments for Public Works and Economic Development Facilities**

**AL #11.307 Economic Adjustment Assistance**

***De Minimis Indirect Cost Rate***

GLDC has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2023**

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***Summary of Auditor's Results***

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of Griffiss Local Development Corporation and Subsidiaries.
2. No significant deficiencies or material weaknesses relating to the audit of the consolidated financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards* (as required by 2 CFR 200.515(d)(1)(ii)).
3. No instances of noncompliance material to the consolidated financial statements of the Griffiss Local Development Corporation and Subsidiaries, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Griffiss Local Development Corporation expresses an unmodified opinion.
6. No audit findings that were required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. Major programs tested include:

Program	Assistance Listing No.
Economic Development Cluster: Investments for Public Works and Economic Development Facilities	11.300
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Griffiss Local Development Corporation was not determined to be a low risk auditee.

**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2023**

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*Findings – Consolidated Financial Statement Audit*

None.

*Findings and Questioned Costs – Major Federal Award Programs Audit*

None.



**GRIFFISS LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**STATUS OF PRIOR-YEAR FINDINGS**  
**For the Year Ended December 31, 2023**

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None.