

**ECONOMIC DEVELOPMENT CORPORATION
FINANCIAL REPORT
DECEMBER 31, 2023**

ECONOMIC DEVELOPMENT CORPORATION

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BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Economic Development Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Economic Development Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Economic Development Corporation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Economic Development Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Economic Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Economic Development Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024 on our consideration of the Economic 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Economic 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 the Economic Development Corporation's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Latham, New York
March 20, 2024

ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 374,241	\$ 693,029
Investments	251,326	-
Accounts receivable	66,038	85,000
Prepaid expenses	32,710	10,811
Total Current Assets	724,315	788,840
Property and Equipment		
Land and land development	130,437	130,437
Furniture and equipment	35,385	52,996
Software and website design	59,909	59,909
Total	225,731	243,342
Less accumulated depreciation and amortization	65,186	75,921
Net Property and Equipment	160,545	167,421
Other Assets		
Right of use assets - operating leases	172,051	216,036
Security deposits	3,895	3,895
Total Other Assets	175,946	219,931
TOTAL ASSETS	\$ 1,060,806	\$ 1,176,192

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 4,250	\$ 6,584
Accrued expenses	16,576	12,102
Current portion of operating lease liability	44,011	43,985
Deferred membership dues	4,000	-
Refundable advances	57,000	57,000
Total Current Liabilities	125,837	119,671
Long-Term Liabilities		
Long-term portion of operating lease liability	128,040	172,051
Total Long-Term Liabilities	128,040	172,051
Net Assets		
Without donor restrictions:		
Undesignated	237,060	344,601
Board designated	569,869	539,869
Total Net Assets	806,929	884,470
TOTAL LIABILITIES AND NET ASSETS	\$ 1,060,806	\$ 1,176,192

ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Changes in Net Assets Without Donor Restrictions:		
Revenues and gains		
Government grants	\$ 524,000	\$ 474,000
Membership dues	74,750	60,750
Memberships non-cash	10,943	10,384
Annual meeting and other events	13,718	11,425
Interest income	5,233	417
Grants	14,274	30,000
Other income	619	150
Total revenues and gains without donor restrictions	643,537	587,126
Expenses		
Economic Development	512,815	589,910
General and Administrative Expenses	208,264	253,168
Total Expenses	721,078	843,078
Decrease in net assets without donor restrictions	(77,541)	(255,952)
Net Assets, Beginning of Year	884,470	1,140,422
Net Assets, End of Year	\$ 806,929	\$ 884,470

See accompanying notes to financial statements.

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

Functional Expenses	<u>Economic Development</u>	<u>General and Administrative</u>	<u>Total</u>
Advertising, marketing and promotion	\$ 46,867	\$ -	\$ 46,867
Depreciation and amortization	3,438	3,438	6,876
Dues - subscriptions	14,161	-	14,161
Development projects / studies	16,307	-	16,307
EDC events	38,279	-	38,279
Equipment lease and maintenance	1,305	1,305	2,610
Insurance	-	7,330	7,330
IT and telephone	21,638	13,154	34,792
Office expenses	5,643	6,520	12,163
Office furniture and equipment	854	855	1,709
Professional services	6,275	17,170	23,445
Professional development	325	-	325
Real estate taxes and property maintenance	12,134	-	12,134
Rent	20,670	20,670	41,340
Salaries and wages	258,343	109,836	368,179
Pension expense	22,094	7,613	29,707
Employee benefits	24,033	8,340	32,373
Payroll taxes	18,460	10,044	28,504
Utilities	1,815	1,815	3,630
Travel	174	174	347
	<u>512,815</u>	<u>208,264</u>	<u>721,078</u>
Total expenses	<u>\$ 512,815</u>	<u>\$ 208,264</u>	<u>\$ 721,078</u>

See accompanying notes to financial statements.

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

Functional Expenses	<u>Economic Development</u>	<u>General and Administrative</u>	<u>Total</u>
Advertising, marketing and promotion	\$ 100,253	\$ -	\$ 100,253
Depreciation and amortization	3,036	3,035	6,071
Dues - subscriptions	13,313	-	13,313
Development projects / studies	3,436	-	3,436
EDC events	12,690	-	12,690
Equipment lease and maintenance	1,662	1,662	3,324
Insurance	-	7,528	7,528
IT and telephone	24,247	19,222	43,469
Office expenses	3,401	3,400	6,801
Office furniture and equipment	-	4,692	4,692
Professional services	6,615	18,660	25,275
Professional development	695	695	1,390
Real estate taxes and property maintenance	6,824	-	6,824
Rent	22,578	22,578	45,156
Salaries and wages	299,179	147,357	446,536
Pension expense	23,492	5,873	29,365
Employee benefits	30,706	7,677	38,383
Payroll taxes	29,482	7,371	36,853
Miscellaneous	250	-	250
Utilities	1,084	1,084	2,168
Moving expenses	6,718	2,085	8,803
Travel	249	249	498
	<u>589,910</u>	<u>253,168</u>	<u>843,078</u>
Total expenses	<u>\$ 589,910</u>	<u>\$ 253,168</u>	<u>\$ 843,078</u>

See accompanying notes to financial statements.

ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets from operating activities	\$ (77,541)	\$ (255,952)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	6,876	6,071
(Increase) decrease in assets:		
Accounts receivable	18,962	339,130
Prepaid expenses	(21,899)	2,071
Security deposit	-	(2,088)
Increase (decrease) in liabilities:		
Accounts payable	(2,334)	(20,164)
Accrued expenses	4,474	3,286
Deferred membership dues	4,000	-
Refundable advances	-	57,000
Net Cash Provided (Used) by Operating Activities	<u>(67,462)</u>	<u>129,354</u>
Cash Flows From Investing Activities		
Purchase of investments	<u>(251,326)</u>	-
Net Cash Used by Operating Activities	<u>(251,326)</u>	-
Net Increase (Decrease) in Cash and Cash Equivalents	(318,788)	129,354
Cash and Cash Equivalents, Beginning of Year	<u>693,029</u>	<u>563,675</u>
Cash and Cash Equivalents, End of Year	<u>\$ 374,241</u>	<u>\$ 693,029</u>

ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Economic Development Corporation (EDC) was incorporated under the Not-For-Profit Corporation Law in New York State in November 1992. In May 2006, the Organization's name was changed from Warren County Economic Development Corporation to Economic Development Corporation (EDC). EDC was formed to plan and promote, and if necessary, to coordinate and execute programs in the Warren County region of New York aimed at improving the quality of life of its residents by enhancing and diversifying the economy of the region by attracting new industry and/or by encouraging the development of, or retention of, such businesses within the Warren County region.

The Regional Counties Economic Development Loan Fund

During 2017, the Regional Counties Economic Development Loan Fund (the Fund) began operations under a collaborative agreement between EDC and Lake Champlain Lake George Regional Planning Board (LCLGRP). The revolving loan fund of up to \$500,000 will provide loans ranging from \$15,000 to \$225,000 for small to mid-sized businesses within the geographic region which includes Warren, Washington, Franklin, Essex and Clinton Counties. EDC and LCLGRP will each facilitate loans depending on the geographic area the potential borrower operates in as well as the nature of the loan.

Financial resources for the Fund will come from a grant of up to \$250,000 from Empire State Development (ESD). The grant from ESD requires matching funds of up to \$250,000, which will be provided by a group of four (4) participating banks (Banks), each providing loans representing 25% of the required match. The loans from the Banks will be issued to EDC. Financing provided by ESD grants will not have to be repaid. However, as payments are received, EDC will be required to re-loan repayments attributable to ESD grant to new borrowers. As payments are received from borrowers, EDC will be required to make semi-annual payments to the Banks of principal and interest at the WSJ rate per annum. NY Business Development Corporation (NYBDC) will be retained to provide certain administration and portfolio services which will include underwriting, application and loan payment processing. Applications will be reviewed and approved, or denied, by a Loan Review Committee consisting of representatives from EDC, LCLGRP and the Banks.

EDC and LCLGRP will be required to participate in a loan loss reserve fund in an amount sufficient to cover one year's principal and interest payments when there are outstanding loans.

For the years ended December 31, 2023 and 2022, no loan applications have been received and there are no loans outstanding.

Basis of Accounting

EDC prepares its financial statements on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred.

ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Standard

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by EDC that are subject to the guidance in FASB ASC 326 were accounts receivable. EDC adopted the standard effective January 1, 2023. There was no material impact to the financial statements as a result of implementation.

Basis of Presentation

The financial statements of EDC are presented in accordance with ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of EDC and changes therein are classified and reported as follows:

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

With donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by the actions of EDC and/or the passage of time and net assets subject to donor-imposed stipulations that they be maintained permanently by EDC.

At December 31, 2023 and 2022, EDC had no net assets with donor restrictions.

Revenue Recognition

Membership seeks to advance economic development opportunities. Membership dues are recognized over the term of the membership (calendar year). For all membership agreements, the performance obligation (term of membership) is for one year. Dues received in advance for the following year are reflected in deferred membership dues in the accompanying statement of financial position. Certain memberships are provided in exchange for goods and services and are measured at fair market value.

EDC's government grant revenue is generated from agreements with various municipalities. Governmental grants are considered non-exchange transactions and are reported as increases in net assets without donor restrictions as the associated barriers are overcome, which generally is furnishing economic and community services. EDC's performance obligation relating to the governmental grants relates to agreements all with durations of one year or less. As a result, EDC is not required to separately disclose aggregate amounts of unsatisfied (or partially satisfied) performance obligations as of the end of the year.

Payments received in advance of the grant conditions being met are considered to be a liability and are reported on the statement of financial position as refundable advances.

**ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The most significant revenue derived from these agreements is with Warren County through which EDC receives reimbursement of its operating expenses, not to exceed the agreement amount. During the years ended December 31, 2023 and 2022, respectively, approximately 67% and 63% of EDC's government grant revenue were derived from the agreement with Warren County, and approximately 22% and 24% were derived from the agreement with the Town of Queensbury.

Revenue and Support Without and With Donor Restrictions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions.

Property and Equipment

Property and equipment are recorded at cost. For financial statement purposes, depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets involved.

Estimated useful lives of related assets are as follows:

	<u>Years</u>
Furniture and equipment	3 - 6
Software and website design	4

Expenditures for major renewals and betterments that extend the useful lives of property and equipment at a cost of \$2,500 or greater with a minimum useful life of 12 months or more are capitalized. Expenditures for maintenance and repairs or purchases of equipment with a cost of \$2,500 or less or with a useful life of less than 12 months are charged to the appropriate expense as incurred.

For the years ended December 31, 2023 and 2022, depreciation and amortization expense was \$6,876 and \$6,071, respectively.

Land and Land Development Costs

Land and land development costs represent land and improvements held by EDC to further its mission of developing industrial parks and other real estate to attract new business and industry to Warren County. Land and land development costs are stated at cost.

ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Accounts Receivable and Allowance for Credit Losses

Historically, there is no accounts receivable for membership revenue. Receivables from local governments are accounted for under contribution guidance and therefore, management has determined that an allowance for credit losses is not necessary. Accounts receivable consisted of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Receivables from local governments	\$ 65,788	\$ 85,000
Other receivables	250	-
	<u><u>\$ 66,038</u></u>	<u><u>\$ 85,000</u></u>

For the years ended December 31, 2023 and 2022, there was no credit loss expense.

Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

EDC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been provided for in these financial statements. In addition, EDC qualifies for the charitable contribution deduction under Section 170(B)(1)(a)(6) and has been classified as an organization that is not a private foundation under Section 509(a).

The tax status of tax-exempt entities is an uncertain tax position, since events could potentially occur that jeopardize tax-exempt status. EDC believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on EDC's financial condition, results of operations or cash flows. Accordingly, EDC has not recorded any liabilities, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2023.

Advertising, Marketing and Promotion

EDC expenses advertising, marketing and promotion costs as they are incurred. These costs for the years ended December 31, 2023 and 2022 were \$46,867 and \$100,253, respectively.

Cash Equivalents

For purposes of the statement of cash flows, EDC considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments consist of U.S. Treasury Notes and U.S. Treasury Bills, all investments are carried at fair value.

2. CONCENTRATION OF CREDIT RISK

EDC maintains its cash balances with several financial institutions. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC). At times during the year ended December 31, 2023, the account balances at these financial institutions exceeded the federally insured limits. The risk is managed by maintaining all deposits in high-quality financial institutions.

3. LEASES

EDC leases a copier and office space. Terms of the leases vary from five to six years. None of the leases provide renewal or termination options at the sole discretion of EDC. The incremental borrowing rate utilized to calculate lease liabilities is based on a practical expedient using the risk free rate at commencement date, as the leases do not provide an implicit borrowing rate. EDC's operating leases do not contain any material guarantees or restrictive covenants. EDC does not have any sublease activities. These leases are included in the right-of-use assets-operating leases and operating lease liability in the accompanying statements of financial position.

EDC incurred lease expense for operating leases with terms in excess of one year of \$44,112 and \$40,655 for the years ended December 31, 2023 and 2022, respectively, which is included in rent and equipment lease and maintenance on the statement of functional expenses. Total cash paid for the amounts included in the measurement of operating lease liabilities during the years ended was \$41,340 and \$37,895 for rent, and \$2,772 and \$2,760 for equipment, respectively.

At December 31, 2023, future payments under the lease liabilities were as follows:

	<u>Operating</u>
2024	\$ 44,100
2025	42,030
2026	41,340
2027	41,340
2028	3,445
Thereafter	-
Less: present value discount	(204)
Total Present Value of Lease Liabilities	<u>\$ 172,051</u>

The right-of-use assets obtained in exchange for new operating lease liabilities were \$-0- and \$244,155 for the years ended December 31, 2023 and 2022, respectively.

ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

3. LEASES

Other information related to leases is as follows:

Weighted average remaining lease term	4.03 years
Weighted average discount rate	0.06%

Short term leases, defined as leases with initial terms of 12 months or less, are not reflected in the accompanying statements of financial position. Lease expense for such short-term leases was \$-0- and \$529 for the years ended December 31, 2023 and 2022, respectively.

4. RETIREMENT PLAN

EDC has a retirement plan in the form of a simplified employee pension (SEP) plan, to which EDC is required to make annual contributions on behalf of eligible employees. For the years ended December 31, 2023 and 2022, EDC made a contribution for eligible employees in the amount of \$29,707 and \$29,365, respectively.

5. CONTINGENCIES

EDC's contracts for services are subject to audit by the funding sources at their discretion. Such audits could result in claims against EDC for disallowed costs. EDC's management believes such claims, if any, which may arise, would be immaterial. As such, no provision for potential claims has been made in the financial statements.

6. FUNCTIONAL EXPENSES

Directly identifiable expenditures are charged to EDC's program for economic development or general and administrative services which includes costs associated with compliance and reporting under New York State's Public Authorities Accountability Act. Expenses related to program support general and administrative including depreciation, dues, IT and telephone, equipment lease and maintenance, office expenses, rent, payroll and benefits are allocated based on roles and responsibilities of various staff members.

7. BOARD DESIGNATED NET ASSETS

EDC's Board of Directors designated certain net assets be set aside for specific purposes. At December 31, 2023 and 2022 these designated funds had balances as follows:

	<u>2023</u>	<u>2022</u>
Operating Reserve	\$ 241,473	\$ 241,473
Property Carrying Costs	110,660	110,660
Queensbury Project Fund	137,433	137,433
Regional Loan Fund	50,303	50,303
Broadband	30,000	-
	<u>\$ 569,869</u>	<u>\$ 539,869</u>

7. BOARD DESIGNATED NET ASSETS

**ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

The designated funds were established for the following purposes:

Operating Reserve was established to cover cash-flow shortfalls that may arise due to reliance on a majority of EDC’s funding through local municipalities.

Property Carrying Costs was established to cover the carrying costs of real property.

Queensbury Project Fund was established to cover projects specific to the Town of Queensbury outside of the scope of the annual service agreement.

Regional Loan Fund was established to cover EDC’s portion of a loan loss reserve for the regional loan fund.

Broadband was established to cover projects related to Broadband connectivity in Warren County.

8. AVAILABLE RESOURCES AND LIQUIDITY

The EDC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize its available funds. For purposes of analyzing resources available to meet general expenditures over the 12-month period, EDC considers all expenditures related to its ongoing activities of economic development as well as the conduct of services undertaken to support those activities to be expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, EDC operates with a budget and anticipates collecting sufficient revenue to cover general expenditures.

EDC’s governing board has designated funds for specific purposes. Those amounts are identified as board designated net assets in Note 9. In the event the need arises to utilize the board designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

At December 31, 2023 and 2022, the following reflects the total financial assets held by the EDC and the amount of those financial assets that could readily be made available within one year of the statement of financial position date to meet general expenditures.

	<u>2023</u>	<u>2022</u>
Financial assets as of December 31	\$ 691,605	\$ 778,029
Less: Amounts set aside for board designations	569,869	539,869
	<u>\$ 121,736</u>	<u>\$ 238,160</u>

ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

9. INVESTMENTS

Fair Value Measurement of Financial Instruments

Generally accepted accounting principles establishes a framework for measuring fair value. That framework provides for a fair value hierarchy that prioritizes the inputs in valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The asset's or liability's fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used at December 31, 2023.

Investments in Certificates of Deposit, U.S. Treasury Notes, and U.S. Treasury Bills are valued based on factors such as maturity dates and interest rates.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the EDC believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instrument could result in a different fair value measurement at the reporting date.

There were no investments at December 31, 2022. Fair values of assets measured on a recurring basis at December 31, 2023 are as follows:

<u>2023</u>	<u>Fair Value</u>	<u>Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Treasury Notes	\$ 62,262	\$ -	\$ 62,262	\$ -
U.S. Treasury Bills	189,064	-	189,064	-
Total Assets at Fair Value	<u>\$ 251,326</u>	<u>\$ -</u>	<u>\$ 251,326</u>	<u>\$ -</u>

Investment earnings are reflected in the accompanying financial statements and consist of realized and unrealized gains and losses and interest income.

Disclosures relating to risk and type of investments as presented above are indicative of the activity and the positions held during the year.

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9. INVESTMENTS

Fair Value Measurement of Financial Instruments

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the year ended December 31, 2023, there were no transfers in or out of levels 1, 2 or 3.

Risks and Uncertainties with Investments

The EDC invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amount reported in the statement of financial position.

10. SUBSEQUENT EVENTS

Management has evaluated events subsequent to the statement of financial position date of December 31, 2023 through March 20, 2024 which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require recording or disclosure.