

BINGHAMTON LOCAL DEVELOPMENT CORPORATION

**(A Blended Component Unit of the City of
Binghamton, New York)**

**Financial Statements as of
August 31, 2021 and 2020**

**Together with Independent
Auditor's Report and Report on *Government Auditing
Standards***

Bonadio & Co., LLP
Certified Public Accountants

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
(A Blended Component Unit of the City of Binghamton, New York)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements:	
Statements of Net Position - August 31, 2021 and 2020	6
Statements of Revenues, Expenses and Change in Net Position - For the years ended August 31, 2021 and 2020	7
Statements of Cash Flows - For the years ended August 31, 2021 and 2020	8
Notes to Basic Financial Statements	9
Other Information:	
Schedule of Loans Receivable (Unaudited)	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16

INDEPENDENT AUDITOR’S REPORT

November 16, 2021

To the Board of Directors of the
Binghamton Local Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Binghamton Local Development Corporation (the Corporation), a blended component unit of the City of Binghamton, New York, as of and for the years ended August 31, 2021 and 2020, which collectively comprise the Corporation's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of August 31, 2021 and 2020, and the change in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The Schedule of Loans Receivable is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule noted in the previous paragraph has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021 on our consideration of the 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 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 Corporation's internal control over financial reporting and compliance.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
(A Blended Component Unit of the City of Binghamton, New York)

Management’s Discussion and Analysis (Unaudited)

The following Management’s Discussion and Analysis (MD&A) provides a comprehensive overview of the Binghamton Local Development Corporation’s (the Corporation’s) financial position as of August 31, 2021 and its changes in financial position for the year then ended, showing 2020 and 2019 for comparison. This MD&A should be read in conjunction with the financial statements and related footnotes of the Corporation, which directly follow the MD&A.

General Overview

The Corporation is a not-for-profit corporation formed to further sustainable economic development in the City of Binghamton by attracting new business, retaining and growing established businesses, building industrial and commercial capacity, promoting employment, and fostering entrepreneurship and innovation.

Overview of the Financial Statements

The financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board (GASB). The financial statement presentation consists of the following basic financial statements:

- Statement of Net Position
- Statement of Revenue, Expenses and Change in Net Position
- Statement of Cash Flows

The Statement of Net Position and the Statement of Revenue, Expenses and Change in Net Position are prepared using the economic resource measurement focus and the accrual basis of accounting. Revenues, expenses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, assets and liabilities resulting from non-exchange transactions are recognized when the amounts to be received are measurable and collection is probable. These policies are more fully described in the accompanying notes to the basic financial statements.

Financial Highlights

Condensed
Statement of Net Position
(In thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total assets	\$ 4,416	\$ 4,393	\$ 4,242
Total liabilities	<u>588</u>	<u>593</u>	<u>427</u>
Net position	<u>\$ 3,828</u>	<u>\$ 3,800</u>	<u>\$ 3,815</u>

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
(A Blended Component Unit of the City of Binghamton, New York)

Management’s Discussion and Analysis (Unaudited)

Total Assets

The total assets increased from 2020 to 2021 by approximately \$24,000 primarily due to an increase restricted cash, offset by a reduction in loans receivable.

The total assets increased from 2019 to 2020 by approximately \$151,000 primarily due to an increase in loans receivable as well as an increase in land held for sale, offset by reductions in grants receivable and restricted cash.

Total Liabilities

The decrease in total liabilities from 2020 to 2021 of approximately \$5,000 was primarily due to decrease in accounts payable related to a decrease in the contract amount for administrative services with the City of Binghamton.

The increase in total liabilities from 2019 to 2020 of approximately \$166,000 was primarily due to increase in accrued liabilities related to the purchase of land held for sale.

Condensed Statement of Revenues, Expenses and Change in Net Position
(In thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues	\$ 281	\$ 628	\$ 488
Operating Expenses	<u>253</u>	<u>644</u>	<u>462</u>
Operating Income	28	(16)	26
Non-Operating Revenue	<u>-</u>	<u>1</u>	<u>2</u>
Change in net position	28	(15)	28
Net position - beginning of year	<u>3,800</u>	<u>3,815</u>	<u>3,787</u>
Net position - end of year	<u>\$ 3,828</u>	<u>\$ 3,800</u>	<u>\$ 3,815</u>

Expenses

Expenses incurred in 2021 were less than expenses incurred in 2020 primarily due to grant expenses decreasing by approximately \$300,000.

Expenses incurred in 2020 were greater than expenses incurred in 2019 primarily due to grant expenses, offset by reduced community event expenses resulting from regular operations.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
(A Blended Component Unit of the City of Binghamton, New York)

Management’s Discussion and Analysis (Unaudited)

Revenues

Revenues decreased from 2020 to 2021, as a result of decreases in grant income by more than \$300,000.

Revenues increased from 2019 to 2020, as a result of increases in grant income. The Corporation was provided grant funding through multiple grants, one of which had the purpose of building renovation and streetscape revitalization with a targeted area of Main Street and Front Street, both within the City of Binghamton.

Grants

Grants provided to the Corporation in 2021 and 2020 consisted of a grant from the New York State Urban Development Corporation in the amount of \$77,931 and \$76,052, respectively, to be used for administrative expenses for the Corporation including salaries, fringe benefits, and training. Grant funding in 2020 also included a grant funded through the Regional Economic Development Council in the amount of \$500,000 for the purpose of revitalizing specific areas within the City of Binghamton. This agreement specified amounts to be used for building renovation, streetscape revitalization, and architecture, engineering, and environmental testing.

Contacting the Corporation

Binghamton City Hall
38 Hawley Street
Binghamton , NY 13901
Phone: (607) 772-7161

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
(A Blended Component Unit of the City of Binghamton, New York)

Statements of Net Position
August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 71,452	\$ 70,420
Restricted cash	2,210,046	1,841,625
Accounts receivable	36,250	40,750
Loans receivable, net, current portion	<u>654,882</u>	<u>731,157</u>
Total current assets	<u>2,972,630</u>	<u>2,683,952</u>
NONCURRENT ASSETS:		
Inventory - property held for sale	760,981	760,981
Loans receivable, net of current portion and allowance for doubtful accounts of \$326,911 and \$326,911, respectively	<u>682,584</u>	<u>947,658</u>
Total noncurrent assets	<u>1,443,565</u>	<u>1,708,639</u>
Total assets	<u>4,416,195</u>	<u>4,392,591</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	36,250	40,750
Accrued liabilities	551,342	551,342
Interest liability	<u>-</u>	<u>660</u>
Total current liabilities	<u>587,592</u>	<u>592,752</u>
NET POSITION		
Restricted	3,687,533	3,659,802
Unrestricted	<u>141,070</u>	<u>140,037</u>
Total net position	<u>\$ 3,828,603</u>	<u>\$ 3,799,839</u>

The accompanying notes are an integral part of these financial statements.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
(A Blended Component Unit of the City of Binghamton, New York)

Statements of Revenues, Expenses and Change in Net Position
For the years ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES:		
Interest and fees on loans	\$ 42,530	\$ 53,822
Grant income	231,931	534,706
Miscellaneous income	<u>7,000</u>	<u>39,698</u>
Total revenues	<u>281,461</u>	<u>628,226</u>
OPERATING EXPENSES:		
Grant expense	77,152	377,894
Grant Expense - professional services (City)	154,000	163,000
Marketing	1,280	11,928
Office expenses	-	275
Insurance expense	3,468	3,407
Audit and other professional fees	5,500	8,500
Membership and meetings	5,300	282
Other	<u>6,196</u>	<u>79,045</u>
Total expenses	<u>252,896</u>	<u>644,331</u>
OPERATING INCOME (LOSS)	<u>28,565</u>	<u>(16,105)</u>
NON-OPERATING REVENUE:		
Investment interest	<u>199</u>	<u>1,192</u>
Total non-operating revenue	<u>199</u>	<u>1,192</u>
CHANGE IN NET POSITION	28,764	(14,913)
NET POSITION - beginning of year	<u>3,799,839</u>	<u>3,814,752</u>
NET POSITION - end of year	<u>\$ 3,828,603</u>	<u>\$ 3,799,839</u>

The accompanying notes are an integral part of these financial statements.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
(A Blended Component Unit of the City of Binghamton, New York)

Statements of Cash Flows
For the years ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees on loans	\$ 42,530	\$ 53,822
Cash received from grants	243,431	617,658
Cash received from miscellaneous sources	-	32,556
Cash received from payments on loans receivable	360,787	126,752
Cash paid for property held for sale	-	(20,309)
Cash paid to borrowers for loans receivable	(19,438)	(280,000)
Cash paid for grant related expenses	(77,152)	(377,894)
Cash paid to the City (for professional services)	(158,500)	(163,000)
Cash paid for office related expenses and professional services	(16,208)	(24,623)
Cash paid for miscellaneous expenses	<u>(6,196)</u>	<u>(79,045)</u>
Net cash flows from operating activities	<u>369,254</u>	<u>(114,083)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	<u>199</u>	<u>1,192</u>
Net cash flows from investing activities	<u>199</u>	<u>1,192</u>
NET CHANGE IN CASH AND EQUIVALENTS	369,453	(112,891)
CASH AND CASH EQUIVALENTS - beginning of year	<u>1,912,045</u>	<u>2,024,936</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 2,281,498</u>	<u>\$ 1,912,045</u>
RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION:		
Cash	\$ 71,452	\$ 70,420
Restricted cash	<u>2,210,046</u>	<u>1,841,625</u>
Total	<u>\$ 2,281,498</u>	<u>\$ 1,912,045</u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ 28,565	\$ (16,105)
Adjustments to reconcile operating income to net cash flow from operating activities -		
Changes in assets and liabilities:		
Accounts receivable	4,500	-
Grants receivable	-	75,810
Inventory - property held for sale	-	(186,651)
Loans receivable	341,349	(152,248)
Allowance for doubtful accounts	-	(1,000)
Accounts payable and interest payable	(5,160)	(231)
Accrued liabilities	<u>-</u>	<u>166,342</u>
Net cash flow from operating activities	<u>\$ 369,254</u>	<u>\$ (114,083)</u>

The accompanying notes are an integral part of these financial statements.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
(A Blended Component Unit of the City of Binghamton, New York)

Notes to Basic Financial Statements

1. ORGANIZATION

The Binghamton Local Development Corporation (the Corporation) is a not-for-profit corporation formed to further sustainable economic development in the City of Binghamton by attracting new business, retaining and growing established businesses, building industrial and commercial capacity, promoting employment and fostering entrepreneurship and innovation.

The Corporation is a not-for-profit corporation, and is a blended component unit of the City of Binghamton, New York (the City) due to the fact that the City appoints the majority of the Corporation's board and the City has the ability to significantly impact the programs of the Corporation. The financial activities of the Corporation are combined with the financial activities of the City in the City's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Corporation operates as a proprietary fund. Proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) and deferred inflows and outflows associated with their activities are reported. Fund equity is classified as net position. The Corporation utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant.

Cash and Restricted Cash

For purposes of the statements of cash flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Certain amounts of cash are classified as restricted because their use is restricted by grant agreements.

Inventory - Property Held for Sale

Amounts listed as property held for sale consist of real estate purchased with the intent to resell. These properties are valued at the lower of cost or market. Market value is defined as assessed value.

Grants Receivable

Grants receivable are funds earned but not yet received by the Corporation related to grant revenue. The Corporation reported no amounts of grants receivable at August 31, 2021 and 2020.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
(A Blended Component Unit of the City of Binghamton, New York)

Notes to Basic Financial Statements

Loans Receivable

Loans receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for doubtful accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to loans receivable.

Accrued Liabilities

The Corporation has acquired portions of land, of which the agreements stipulate that the remaining amounts would be due and payable upon the resale of the parcel. Therefore, a liability of \$551,342 at August 31, 2021 and August 31, 2020, is accrued to reflect these agreements.

Operating Revenues and Non-operating Revenues

The Corporation is funded principally through grants from the City's CDBG program. The Corporation recognizes grant funds for CDBG upon receipt, which coincides with the disbursement of the funds by the Corporation.

The Corporation also receives revenue in the form of repayments on loans originally granted by the City from UDAG program funds. Program income from UDAG loan repayments is recognized as revenue when received.

Non-operating revenues are those related to capital and related financing or investment activities.

Net Position

GASB requires the classification of net position into three components. These classifications are displayed in three components below:

- **Net investment in capital assets** - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** - net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other assets that do not meet the definition of net investment in capital assets or restricted net position.

It is the Corporation's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Income Tax Status

The Corporation is a not-for-profit Corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
(A Blended Component Unit of the City of Binghamton, New York)

Notes to Basic Financial Statements

3. DEPOSITS AND INVESTMENTS

Investment and Deposit Policy

The Corporation follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; provide sufficient liquidity of invested funds in order to meet obligations as they become due; and attainment of a market rate of return. Oversight of investment activity is the responsibility of the Executive Director.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. It is the policy of the Corporation to diversify its deposits and investments by maturity scheduling.

Credit Risk

The Corporation's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Corporation's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Special time deposit accounts;
- Certificates of Deposit;
- Obligations of the United States of America;
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Obligations issued pursuant to New York State Local Finance Law Section 24.00 and 25.00 by any municipality, school district or district corporation located in New York State;
- Obligations of the City, but only with any moneys in a reserve fund established pursuant to General Municipal Law Section 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

Custodial Credit Risk - Deposits

Custodial credit risk - deposits is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Corporation's investment and deposit policy, all deposits of the Corporation including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIA) shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits. The Corporation restricts the securities to the following eligible items:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation;
- Obligations issued, or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank;
- Obligations partially insured or guaranteed by any agency of the United States of America;
- Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation or school district;

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
(A Blended Component Unit of the City of Binghamton, New York)

Notes to Basic Financial Statements

- Obligations issued by states (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one Nationally Recognized Statistical Rating Organization (NRSRO);
- Obligations of Puerto Rico rated in the highest rating category by at least one NRSRO;
- Obligations of domestic corporations rated in one of the two highest rating categories by at least one NRSRO;
- Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by bank regulatory agencies;
- Commercial paper and bankers' acceptances issued by a bank, other than the bank, rated in the highest short-term category by at least one NRSRO and having maturities of not longer than 60 days from the date they are pledged; and
- Zero coupon obligations of the United States of America marketed as "treasury strips."

The Corporation maintains its accounts at a single financial institution. The Corporation maintained cash balances of \$2,281,498 at August 31, 2021 with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank for interest bearing and non-interest bearing accounts. The remaining balance at August 31, 2021 was fully collateralized by a third-party in accordance with New York State General Municipal Law, Section 10 and the Corporation's policies.

The Corporation maintained cash balances of \$1,912,045 at August 31, 2020 with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank for interest bearing and non-interest bearing accounts. The remaining balance at August 31, 2020 was fully collateralized by a third-party in accordance with New York State General Municipal Law, Section 10 and the Corporation's policies.

Custodial Credit Risk - Investments

Custodial credit risk - investments is the risk that an entity will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The Corporation's investment and deposit policy requires that all custodial investments be registered or insured in the Corporation's name and held in the custody of the bank or the bank's trust department. The Corporation requires that all repurchase agreements be limited to obligations of the United States of America or obligations whose principal and interest are fully guaranteed, or insured by the United States of America. As of August 31, 2021 and 2020, the Corporation did not have any investments.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
(A Blended Component Unit of the City of Binghamton, New York)

Notes to Basic Financial Statements

4. LOANS RECEIVABLE

Loans receivable at August 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Total loans receivable, beginning of year	\$ 2,005,726	\$ 1,853,478
Loan advances	19,438	280,001
Principal repayments	<u>(360,787)</u>	<u>(127,753)</u>
Total loans receivable, end of year	1,664,377	2,005,726
Less: allowance for doubtful accounts	<u>(326,911)</u>	<u>(326,911)</u>
Loans receivable, net of allowance	1,337,466	1,678,815
Less: current portion	<u>(654,882)</u>	<u>(731,157)</u>
Loans receivable, net of current portion	<u>\$ 682,584</u>	<u>\$ 947,658</u>

Future maturities of loans receivable for the year ended August 31, 2021 consisted of the following:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 654,882	\$ 34,587	\$ 689,469
2023	111,664	30,926	142,590
2024	54,270	27,305	81,575
2025	56,260	25,131	81,391
2026	174,687	21,703	196,390
2027 - 2031	270,141	55,690	325,831
2032 - 2036	<u>173,035</u>	<u>8,000</u>	<u>181,035</u>
Total	<u>\$ 1,494,939</u>	<u>\$ 203,342</u>	<u>\$ 1,698,281</u>

Also included in loans receivable, is a loan in the amount of \$150,000, which does not carry installment payments and is to be repaid when the borrower receives grant funding in the amount of the loan.

Another loan included in loans receivable, is a loan in the amount of \$19,438, which does not carry installment payments and is to be repaid when the project for which the funds were disbursed is completed.

The allowance for doubtful accounts has been established for loans of borrowers who have filed for bankruptcy or are otherwise considered doubtful of collection. The allowance of \$326,911 as of August 31, 2021 and 2020 is considered adequate by management to cover all currently delinquent loans, and others which may become doubtful during the year.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
(A Blended Component Unit of the City of Binghamton, New York)

Notes to Basic Financial Statements

5. CITY OF BINGHAMTON AGREEMENT

During the years ended August 31, 2021 and 2020, the Corporation executed and renewed agreements with the City regarding a contract with the United States Department of Housing and Urban Development (HUD) in connection with the Corporation executing the Community Development Block Grant (CDBG) Program and UDAG funds for various economic development programs. Either party can terminate the agreement with 30 days notice. If the agreement is terminated, all loans outstanding become the property of the City. It is expressly agreed that the total amount paid by the Corporation to the City under this agreement shall not exceed \$145,000 for 2021 and \$163,000 for 2020 in connection with expenses incurred in executing the CDBG Program including use of office space and personnel. The Corporation had \$36,250 and \$40,750 in amounts due and payable, recorded in accounts payable, to the City as of August 31, 2021 and 2020, respectively.

In addition, the Corporation has been allocated funding from the City's CDBG and UDAG funds. Loan repayments from City UDAG program loans are committed for use by the Corporation. The Corporation received and recognized as grant revenue \$154,000 and \$163,000 in the years ending August 31, 2021 and August 31, 2020, respectively. The Corporation had \$36,250 and \$40,750 in amounts receivable from the City, recorded in accounts receivable, as of August 31, 2021 and 2020, respectively.

6. COMMITMENTS

At August 31, 2021, the Corporation had approved loans not yet disbursed. These commitments will be funded upon satisfaction of loan provisions by the applicant and availability of funds at the time of closing.

7. COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are not entirely known at this time, but it has the potential to result in a significant economic impact.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
(A Blended Component Unit of the City of Binghamton, New York)

Other Information (Unaudited)
Schedule of Loans Receivable
For the year ended August 31, 2021

	September 1, 2020 <u>Principal</u>	<u>Advances</u>	<u>Repayments</u>	<u>Adjustments</u>	August 31, 2021 <u>Principal</u>
CDBG Loans					
Innovation in Imaging, Inc.	\$ 85,332	\$ -	\$ (11,988)	\$ -	\$ 73,344
Mountain Fresh Dairy	121,075	-	-	-	121,075
Broome County Council of Church	150,000	-	-	(150,000)	-
VMR Electronics, LLC	65,366	-	-	-	65,366
VMR Realty Management, LLC	<u>261,545</u>	-	-	-	<u>261,545</u>
Total CDBG Loans	<u>683,318</u>	-	<u>(11,988)</u>	<u>(150,000)</u>	<u>521,330</u>
UDAG Loans					
142 Court Street, LLC	3,167	-	(3,167)	-	-
142 Court Street, LLC	16,174	-	(8,675)	-	7,499
Casey and Karen Wales	3,913	-	(3,913)	-	-
DeAngelo Management Service, LLC	3,268	-	(3,268)	-	-
DDBing Properties, LLC	87,380	-	(87,380)	-	-
DDBing Properties, LLC	63,732	-	(4,178)	-	59,554
Ellis Brothers & Joseph, Inc.	364,053	-	(21,624)	-	342,429
Emma St., LLC	130,623	-	(7,363)	-	123,260
FDG Real Property Holdings	82,105	-	(82,105)	-	-
Jrama's Catering	2,994	-	(2,994)	-	-
One North Depot 210A	83,212	-	(3,978)	-	79,234
One North Depot 210B	84,142	-	(4,188)	-	79,954
Quality of Life Agency	1,789	-	-	-	1,789
Thomas Haines	208,569	-	(2,927)	-	205,642
Thomas Haines Micro	3,566	-	(3,566)	-	-
The Garage	54,115	-	(54,115)	-	-
Kell Enterprises	15,000	-	(15,000)	-	-
Arena Hotel Corporation	15,000	-	-	-	15,000
Ariel Hendricks, CPT, LLC	4,869	-	(797)	-	4,072
Champz of Binghamton, LLC	15,000	-	(2,466)	-	12,534
DPG Holding, Inc.	15,000	-	-	-	15,000
Foam It Insulation, LLC	15,000	-	(15,000)	-	-
Matzo Industries, Inc.	15,000	-	(15,000)	-	-
PA Every Architect, PLLC	4,737	-	(1,478)	-	3,259
Vista Property Management, LLC	15,000	-	-	-	15,000
Newtab, LLC (The Relief Pitcher)	15,000	-	(5,617)	-	9,383
Broome County Council of Church	-	-	-	150,000	150,000
The Garland	-	<u>19,438</u>	-	-	<u>19,438</u>
Total UDAG Loans	<u>1,322,408</u>	<u>19,438</u>	<u>(348,799)</u>	<u>150,000</u>	<u>1,143,047</u>
Total gross loans receivable	<u>2,005,726</u>	<u>19,438</u>	<u>(360,787)</u>	<u>-</u>	<u>1,664,377</u>
Less allowance for doubtful accounts	<u>326,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>326,911</u>
	<u>\$ 1,678,815</u>	<u>\$ 19,438</u>	<u>\$ (360,787)</u>	<u>\$ -</u>	<u>\$ 1,337,466</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

November 16, 2021

To the Board of Directors of
Binghamton Local Development Corporation

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 financial statements of Binghamton Local Development Corporation, a blended component unit of the City of Binghamton, New York (the Corporation) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated November 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.