

BINGHAMTON LOCAL DEVELOPMENT CORPORATION

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

**Financial Statements as of
August 31, 2022 and 2021**

**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)

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INDEPENDENT AUDITOR'S REPORT

November 10, 2022

To the Board of Directors of the
Binghamton Local Development Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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, 2022 and 2021, and the change in its financial position and 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 the 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 these 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 Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 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 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 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.

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 is the responsibility of management, and, 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Loans Receivable but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022 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, 2022 and its changes in financial position for the year then ended, showing 2021 and 2020 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>2022</u>	<u>2021</u>	<u>2020</u>
Total assets	\$ 4,115	\$ 4,416	\$ 4,393
Total liabilities	<u>618</u>	<u>588</u>	<u>593</u>
Net position	<u>\$ 3,497</u>	<u>\$ 3,828</u>	<u>\$ 3,800</u>

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
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Management’s Discussion and Analysis (Unaudited)

Total Assets

The total assets decreased from 2021 to 2022 by approximately \$301,000 primarily due to a reduction in loans receivable, offset by an increase in restricted cash.

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

Total Liabilities

The increase in total liabilities from 2021 to 2022 of approximately \$31,000 was primarily due to increase in unearned revenue related to the contract amount for administrative services with the City of Binghamton, offset by a decrease in accounts payable.

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.

Condensed Statement of Revenues, Expenses and Change in Net Position

(In thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating Revenues	\$ 241	\$ 281	\$ 628
Operating Expenses	<u>573</u>	<u>253</u>	<u>644</u>
Operating Income	(332)	28	(16)
Non-Operating Revenue	<u>1</u>	<u>-</u>	<u>1</u>
Change in net position	(331)	28	(15)
Net position - beginning of year	<u>3,828</u>	<u>3,800</u>	<u>3,815</u>
Net position - end of year	<u>\$ 3,497</u>	<u>\$ 3,828</u>	<u>\$ 3,800</u>

Expenses

Expenses incurred in 2022 were greater than expenses incurred in 2021 primarily due to program income remitted back to the City of \$300,000.

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

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
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Management’s Discussion and Analysis (Unaudited)

Revenues

Revenues decreased from 2021 to 2022, as a result of decreases in grant income of approximately \$52,000, offset by an increase in interest and fees on loans of approximately \$11,000.

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

Grants

Grants provided to the Corporation include amounts related to CDBG and UDAG programs passed through from the City of Binghamton, as well as Empire State Development grants received from New York State.

Contacting the Corporation

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

Statements of Net Position
August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 70,667	\$ 71,452
Restricted cash	2,273,359	2,210,046
Accounts receivable	52,067	36,250
Loans receivable, net, current portion	<u>460,687</u>	<u>654,882</u>
Total current assets	<u>2,856,780</u>	<u>2,972,630</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>497,582</u>	<u>682,584</u>
Total noncurrent assets	<u>1,258,563</u>	<u>1,443,565</u>
Total assets	<u>4,115,343</u>	<u>4,416,195</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	15,817	36,250
Accrued liabilities	565,687	551,342
Unearned revenue	<u>36,750</u>	<u>-</u>
Total current liabilities	<u>618,254</u>	<u>587,592</u>
NET POSITION		
Restricted	3,403,554	3,687,533
Unrestricted	<u>93,535</u>	<u>141,070</u>
Total net position	<u>\$ 3,497,089</u>	<u>\$ 3,828,603</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:		
Interest and fees on loans	\$ 53,525	\$ 42,530
Grant income	180,101	231,931
Miscellaneous income	<u>6,510</u>	<u>7,000</u>
Total revenues	<u>240,136</u>	<u>281,461</u>
OPERATING EXPENSES:		
Grant expense	162,641	77,152
Grant expense - professional services (City)	15,817	154,000
Program income remitted (City)	300,000	-
Marketing	15,056	1,280
Insurance expense	3,582	3,468
Audit and other professional fees	5,500	5,500
Membership and meetings	-	5,300
Community events and initiatives	58,573	-
Other	<u>11,767</u>	<u>6,196</u>
Total expenses	<u>572,936</u>	<u>252,896</u>
OPERATING INCOME (LOSS)	<u>(332,800)</u>	<u>28,565</u>
NON-OPERATING REVENUE:		
Investment interest	<u>1,286</u>	<u>199</u>
Total non-operating revenue	<u>1,286</u>	<u>199</u>
CHANGE IN NET POSITION	(331,514)	28,764
NET POSITION - beginning of year	<u>3,828,603</u>	<u>3,799,839</u>
NET POSITION - end of year	<u>\$ 3,497,089</u>	<u>\$ 3,828,603</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees on loans	\$ 53,525	\$ 42,530
Cash received from grants	207,544	243,431
Cash received from payments on loans receivable	404,197	360,787
Cash received for deposits	14,345	-
Cash paid to borrowers for loans receivable	(25,000)	(19,438)
Cash paid for grant related expenses	(162,641)	(77,152)
Cash paid to the City (for professional services)	(36,250)	(158,500)
Cash paid to the City (program income remitted)	(300,000)	-
Cash paid for office related expenses and professional services	(24,138)	(16,208)
Cash paid for community events and initiatives	(58,573)	-
Cash paid for miscellaneous expenses	<u>(11,767)</u>	<u>(6,196)</u>
Net cash flows from operating activities	<u>61,242</u>	<u>369,254</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	<u>1,286</u>	<u>199</u>
Net cash flows from investing activities	<u>1,286</u>	<u>199</u>
NET CHANGE IN CASH AND EQUIVALENTS	62,528	369,453
CASH AND CASH EQUIVALENTS - beginning of year	<u>2,281,498</u>	<u>1,912,045</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 2,344,026</u>	<u>\$ 2,281,498</u>
RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION:		
Cash	\$ 70,667	\$ 71,452
Restricted cash	2,273,359	2,210,046
Total	<u>\$ 2,344,026</u>	<u>\$ 2,281,498</u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (332,800)	\$ 28,565
Adjustments to reconcile operating income to net cash flow from operating activities -		
Changes in assets and liabilities:		
Accounts receivable	(15,817)	4,500
Loans receivable	379,197	341,349
Accounts payable and interest payable	(20,433)	(5,160)
Accrued liabilities	14,345	-
Unearned revenue	<u>36,750</u>	<u>-</u>
Net cash flow from operating activities	<u>\$ 61,242</u>	<u>\$ 369,254</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, 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, 2022 and 2021.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
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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 \$565,687 and \$551,342 at August 31, 2022 and August 31, 2021, respectively, 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 monies 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

This 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;

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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 \$2,344,026 at August 31, 2022 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, 2022 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 \$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.

Custodial Credit Risk - Investments

This 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, 2022 and 2021, the Corporation did not have any investments.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
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Notes to Basic Financial Statements

4. LOANS RECEIVABLE

Loans receivable at August 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Total loans receivable, beginning of year	\$ 1,664,377	\$ 2,005,726
Loan advances	25,000	19,438
Principal repayments	<u>(404,197)</u>	<u>(360,787)</u>
Total loans receivable, end of year	1,285,180	1,664,377
Less: allowance for doubtful accounts	<u>(326,911)</u>	<u>(326,911)</u>
Loans receivable, net of allowance	958,269	1,337,466
Less: current portion	<u>(460,687)</u>	<u>(654,882)</u>
Loans receivable, net of current portion	<u>\$ 497,582</u>	<u>\$ 682,584</u>

Future maturities of loans receivable for the year ended August 31, 2022 consisted of the following:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 460,687	\$ 30,926	\$ 491,613
2024	56,448	27,305	83,753
2025	58,126	25,131	83,257
2026	71,312	21,703	93,015
2027	50,041	14,584	64,625
2028 - 2032	282,557	46,000	328,557
2033 - 2037	<u>111,571</u>	<u>3,106</u>	<u>114,677</u>
Total	<u>\$ 1,090,742</u>	<u>\$ 168,755</u>	<u>\$ 1,259,497</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 \$44,438, 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, 2022 and 2021 is considered adequate by management to cover all currently delinquent loans, and others which may become doubtful during the year.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
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Notes to Basic Financial Statements

5. CITY OF BINGHAMTON AGREEMENT

During the years ended August 31, 2022 and 2021, 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 2022 and \$154,000 for 2021 in connection with expenses incurred in executing the CDBG Program including use of office space and personnel. The Corporation recognized expense for payments to the City of \$15,817 and \$154,000 for the years ended August 31, 2022 and 2021, 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 recognized as grant revenue \$15,817 and \$154,000 in the years ending August 31, 2022 and August 31, 2021, respectively. The Corporation had \$52,067 and \$36,250 in amounts receivable from the City, recorded in accounts receivable, as of August 31, 2022 and 2021.

Also related to the CDBG Program, the Corporation remitted \$300,000 in program income to the City during the year ended August 31, 2022.

6. COMMITMENTS

At August 31, 2022, 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.

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, 2022

	September 1, 2021 <u>Principal</u>	<u>Advances</u>	<u>Repayments</u>	August 31, 2022 <u>Principal</u>
CDBG Loans				
Innovation in Imaging, Inc.	\$ 73,344	\$ -	\$ (73,344)	\$ -
Mountain Fresh Dairy	121,075	-	(121,075)	-
VMR Electronics, LLC	65,366	-	-	65,366
VMR Realty Management, LLC	<u>261,545</u>	-	-	<u>261,545</u>
Total CDBG Loans	<u>521,330</u>	-	<u>(194,419)</u>	<u>326,911</u>
UDAG Loans				
142 Court Street, LLC	7,499	-	(5,234)	2,265
DDBing Properties, LLC	59,554	-	(4,294)	55,260
Ellis Brothers & Joseph, Inc.	342,429	-	(22,448)	319,981
Emma St., LLC	123,260	-	(7,658)	115,602
One North Depot 210A	79,234	-	(52,059)	27,175
One North Depot 210B	79,954	-	(52,500)	27,454
Quality of Life Agency	1,789	-	-	1,789
Thomas Haines	205,642	-	(11,957)	193,685
Arena Hotel Corporation	15,000	-	(7,446)	7,554
Ariel Hendricks, CPT, LLC	4,072	-	-	4,072
Champz of Binghamton, LLC	12,534	-	(12,534)	-
DPG Holding, Inc.	15,000	-	(15,000)	-
PA Every Architect, PLLC	3,259	-	(1,819)	1,440
Vista Property Management, LLC	15,000	-	(7,446)	7,554
Newtab, LLC (The Relief Pitcher)	9,383	-	(9,383)	-
Broome County Council of Church	150,000	-	-	150,000
The Garland	<u>19,438</u>	<u>25,000</u>	-	<u>44,438</u>
Total UDAG Loans	<u>1,143,047</u>	<u>25,000</u>	<u>(209,778)</u>	<u>958,269</u>
Total gross loans receivable	<u>1,664,377</u>	<u>25,000</u>	<u>(404,197)</u>	<u>1,285,180</u>
Less allowance for doubtful accounts	<u>326,911</u>	-	-	<u>326,911</u>
	<u>\$ 1,337,466</u>	<u>\$ 25,000</u>	<u>\$ (404,197)</u>	<u>\$ 958,269</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 10, 2022

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 the 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, 2022, 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 10, 2022.

Report on 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 or significant deficiencies may exist that were not 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*

(Continued)

Report on 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.