

**ALBANY CSO POOL COMMUNITIES
CORPORATION**

(A NOT-FOR-PROFIT CORPORATION)

FINANCIAL STATEMENT

SEPTEMBER 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

Officers, Directors and Members
Albany CSO Pool Communities Corporation
(A Not-For-Profit Corporation)
Albany, New York

We have audited the accompanying financial statements of Albany CSO Pool Communities Corporation (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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 Corporation'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 Corporation'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Albany CSO Pool Communities Corporation as of September 30, 2020 and 2019, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on page 12, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

WEST & COMPANY CPAs PC

Gloversville, New York
December 10, 2020

ALBANY CSO POOL COMMUNITIES CORPORATION

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash and cash equivalents	\$ 277,104	\$ 252,115
Prepaid expense	50	0
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 277,154</u>	<u>\$ 252,115</u>
LIABILITIES:		
Accounts payable	\$ 11,467	\$ 80,352
Due to communities	265,687	171,763
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 277,154</u>	<u>\$ 252,115</u>

See accompanying notes and independent auditors' report.

ALBANY CSO POOL COMMUNITIES CORPORATION

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2020 Totals</u>
REVENUES:			
Program revenues	\$ 0	\$ 2,577,106	\$ 2,577,106
Grant revenues	0	391,200	391,200
Funds released from restrictions	2,968,306	(2,968,306)	0
Total revenues	2,968,306	0	2,968,306
FUNCTIONAL EXPENSES:			
Project costs	2,884,421	0	2,884,421
Legal fees	7,639	0	7,639
Professional fees	9,250	0	9,250
Administrative fees	62,210	0	62,210
Insurance	4,736	0	4,736
Miscellaneous fees	50	0	50
Total functional expenses	2,968,306	0	2,968,306
CHANGE IN NET ASSETS	0	0	0
NET ASSETS - BEGINNING	0	0	0
NET ASSETS - ENDING	\$ 0	\$ 0	\$ 0

See accompanying notes and independent auditors' report.

ALBANY CSO POOL COMMUNITIES CORPORATION

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2019 Totals</u>
REVENUES:			
Program revenues	\$ 0	\$ 6,434,056	\$ 6,434,056
Grant revenues	0	4,441,397	4,441,397
Funds released from restrictions	10,875,453	(10,875,453)	0
Total revenues	10,875,453	0	10,875,453
FUNCTIONAL EXPENSES:			
Project costs	10,645,776	0	10,645,776
Legal fees	9,036	0	9,036
Professional fees	56,203	0	56,203
Administrative fees	160,000	0	160,000
Insurance	4,219	0	4,219
Miscellaneous fees	219	0	219
Total functional expenses	10,875,453	0	10,875,453
CHANGE IN NET ASSETS	0	0	0
NET ASSETS - BEGINNING	0	0	0
NET ASSETS - ENDING	\$ 0	\$ 0	\$ 0

See accompanying notes and independent auditors' report.

ALBANY CSO POOL COMMUNITIES CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>2020 Totals</u>
Project costs	\$ 2,884,421	\$ 0	\$ 2,884,421
Legal fees	0	7,639	7,639
Professional fees	0	9,250	9,250
Administrative fees	0	62,210	62,210
Insurance	0	4,736	4,736
Miscellaneous fees	0	50	50
TOTAL EXPENSES	<u>\$ 2,884,421</u>	<u>\$ 83,885</u>	<u>\$ 2,968,306</u>

See accompanying notes and independent auditors' report.

ALBANY CSO POOL COMMUNITIES CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>2019 Totals</u>
Project costs	\$ 10,645,776	\$ 0	\$ 10,645,776
Legal fees	0	9,036	9,036
Professional fees	0	56,203	56,203
Administrative fees	0	160,000	160,000
Insurance	0	4,219	4,219
Miscellaneous fees	0	219	219
TOTAL EXPENSES	<u>\$ 10,645,776</u>	<u>\$ 229,677</u>	<u>\$ 10,875,453</u>

See accompanying notes and independent auditors' report.

ALBANY CSO POOL COMMUNITIES CORPORATION

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 0	\$ 0
Adjustments to convert to cash:		
(Increase) decrease in prepaid expense	(50)	0
(Increase) decrease in grants receivable	0	1,600
(Increase) decrease in work in process	0	10,285,681
(Increase) decrease in due from communities	0	221,318
Increase (decrease) in due to communities	93,924	171,763
Increase (decrease) in deferred revenue	0	(10,285,681)
Increase (decrease) in accounts payable	(68,885)	(204,899)
	<hr/>	<hr/>
Net cash provided by operating activities	24,989	189,782
	<hr/>	<hr/>
NET INCREASE IN CASH	24,989	189,782
CASH - BEGINNING OF YEAR	252,115	62,333
	<hr/>	<hr/>
CASH - END OF YEAR	<u>\$ 277,104</u>	<u>\$ 252,115</u>

See accompanying notes and independent auditors' report.

ALBANY CSO POOL COMMUNITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Albany CSO Pool Communities Corporation is formed as a Charitable Corporation pursuant to Section 2-1 of the N-PCL, and will be operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

The Corporation was formed for the purpose of reducing discharges of wastewater and stormwater from combined sewer overflows within the municipalities (i.e., cities of Albany, Cohoes, Rensselaer, Troy, Watervliet and the Village of Green Island) that are the members of the Corporation, in order to protect the quality of the waters therein and to achieve compliance with all federal, state, and local laws, regulations, and permits applicable to the management of combined sewer overflows in the municipalities that are the Corporation's members.

The Corporation shall carry out the foregoing purposes, on behalf of its member municipalities, by soliciting, entering, administering, and performing any contracts necessary or incidental to the implementation of the Albany CSO Pool Long Term Control Plan dated June 30, 2011, together with the Albany CSO Pool Long Term Control Plan Supplemental Documentation, dated October, 2013 (collectively, the "LTCP"), as both were approved by the New York State Department of Environmental Conservation ("NYSDEC") on January 15, 2014, as well as any amendments or revisions to those documents made and approved in writing by the NYSDEC.

The Corporation may also assist the member communities by applying for, obtaining and contracting with any federal, state, or local governmental agency or foundation, organization, or natural person for the purpose of obtaining grants, loans, or other forms of financial assistance, and expending or authorizing the expenditure of such funds in furtherance of the purposes of the Corporation.

Financial Reporting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Corporation, resources for various purposes are classified for accounting and reporting purposes into net asset categories that are in accordance with specific activities and objectives. In the accompanying financial statements, net asset categories that have similar characteristics have been combined into two net asset categories; net assets with donor restrictions and net assets without donor restrictions.

Net Assets without Donor Restrictions – Net assets that are not subject to imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. The Corporation's Board of Directors may designate assets without restrictions for specific operational purposes from time to time.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature whereby the donor has stipulated that the funds be maintained in perpetuity.

The Corporation reports assets whose use is not restricted by donors as without donor restriction. Contributions are available for use unless specifically restricted by the donor.

ALBANY CSO POOL COMMUNITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less, or which are redeemable on demand. Fair value approximates carrying amounts.

Income Taxes

Albany CSO Pool Communities Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provisions for taxes in the accompanying financial statements. The Corporation is exempt from filing federal and state income tax returns under IRS Revenue Procedure 95-8.

Uncertain Tax Positions

The Corporation files information returns in its U.S. federal jurisdiction and New York State. The Corporation's returns for its years ended September 30, 2020, 2019 and 2018, are subject to U.S. federal and New York State examination.

The Corporation follows the provision of uncertain tax positions as addressed in FASB ASC 740. The Corporation has been granted tax exempt status as a nonprofit organization, which management believes would be accepted upon examination by the taxing authorities. Management has determined that it currently has no other uncertain tax positions to report for the year ended September 30, 2020.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The cost of providing the Corporation's programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct allocation of expenses.

NOTE 2 – DUE (TO) FROM COMMUNITIES

The participating communities have contributed funds towards the existing projects. The amounts due (to) from each community are as follows:

	<u>2020</u>	<u>2019</u>
City of Albany	\$ 354,671	\$ (532,613)
City of Cohoes	(274,888)	(127,824)
Village of Green Island	(20,996)	(5,168)
City of Rensselaer	299,515	265,643
City of Troy	(576,091)	305,991
City of Watervliet	(47,898)	(77,792)
	<hr/>	<hr/>
Due (to) from Communities	<u>\$ (265,687)</u>	<u>\$ (171,763)</u>

ALBANY CSO POOL COMMUNITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

The Corporation maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2020 and 2019, the Corporation obtained collateral for any amounts exceeding this limit.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The Corporation's long-term plan sets forth a project budget through 2027 in the amount of \$103,545,000. Through September 30, 2020 and 2019, \$22,970,771 and \$19,948,087, respectively, has been spent on these projects.

The Corporation is reliant upon receiving invoices from the communities for work performed through year-end. As such, there may be liabilities and corresponding revenue that has been incurred but not recorded.

NOTE 5 – LIQUIDITY

The Corporation's working capital and cash flows is supported by the efficient reimbursement of expenses incurred by the supported communities and grant sponsors.

As part of the Corporations' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial assets available within one year of the balance sheet date for general expenditure as of September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
<u>Item</u>		
Unrestricted cash and cash equivalents	\$ <u>277,104</u>	\$ <u>252,115</u>
Total available within one year	<u>\$ 277,104</u>	<u>\$ 252,115</u>

NOTE 6 – SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through the issuance date of the report. None were considered material to the issued financial statement.

ALBANY CSO POOL COMMUNITIES CORPORATION

SCHEDULES OF CUMULATIVE COSTS AND INCOME ALLOCATION BY COMMUNITY

YEARS ENDED SEPTEMBER 30, 2016, 2017, 2018, 2019 AND 2020

Community	Costs through September 30, 2016	Grants through September 30, 2016	Costs through September 30, 2017	Grants through September 30, 2017	Costs through September 30, 2018	Grants through September 30, 2018	Costs through September 30, 2019	Grants through September 30, 2019	Costs through September 30, 2020	Grants through September 30, 2020	Net Cumulative Costs
City of Albany	\$ 2,535,961	\$ (512,732)	\$ 1,618,550	\$ (75,825)	\$ 1,815,415	\$ (671,677)	\$ 8,055,018	\$ (4,328,322)	\$ 2,159,712	\$ (376,150)	\$ 10,219,950
City of Cohoes	118,414	(23,942)	75,576	(3,541)	267,264	(201,218)	62,642	0	104,927	(15,050)	385,072
Village of Green Island	22,905	(4,631)	14,619	(685)	0	0	24,950	0	0	0	57,158
City of Rensselaer	92,052	(18,611)	58,751	(2,752)	8,242	0	0	0	0	0	137,682
City of Troy	1,502,215	(303,725)	958,773	(44,916)	125,078	(72,209)	2,330,333	(113,075)	619,232	0	5,001,706
City of Watervliet	50,131	(10,136)	31,996	(1,499)	6,368	(3,894)	140,034	0	0	0	213,000
Corporation	0	0	0	0	0	0	32,799	0	138,814	(54,379)	117,234
TOTAL	<u>\$ 4,321,678</u>	<u>\$ (873,777)</u>	<u>\$ 2,758,265</u>	<u>\$ (129,218)</u>	<u>\$ 2,222,367</u>	<u>\$ (948,998)</u>	<u>\$ 10,645,776</u>	<u>\$ (4,441,397)</u>	<u>\$ 3,022,685</u>	<u>\$ (445,579)</u>	<u>\$ 16,131,802</u>

See accompanying notes.