

**ALBANY CSO POOL COMMUNITIES
CORPORATION**

(A NOT-FOR-PROFIT CORPORATION)

FINANCIAL STATEMENT

SEPTEMBER 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Albany CSO Pool Communities Corporation (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Albany CSO Pool Communities Corporation as of September 30, 2022 and 2021, and the results of its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Albany CSO Pool Communities Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Albany CSO Pool Communities 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.

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

In performing an audit in accordance with GAAS, 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 Albany CSO Pool Communities 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 Albany CSO Pool Communities 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Albany CSO Pool Communities Corporation's basic financial statements. The supplementary information on page 13, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

WEST & COMPANY CPAs PC

Gloversville, New York
December 8, 2022

ALBANY CSO POOL COMMUNITIES CORPORATION

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS:		
Cash and cash equivalents	\$ 494,030	\$ 322,265
Grants receivable	12,108	21,512
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 506,138</u>	<u>\$ 343,777</u>
LIABILITIES:		
Accounts payable	\$ 30,037	\$ 14,587
Due to communities	476,101	329,190
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 506,138</u>	<u>\$ 343,777</u>

See accompanying notes and independent auditors' report.

ALBANY CSO POOL COMMUNITIES CORPORATION

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restriction	With Donor Restriction	2022 Totals
REVENUES:			
Program revenues	\$ 0	\$ 19,284,670	\$ 19,284,670
Grant revenues	0	1,199,211	1,199,211
Funds released from restrictions	20,483,881	(20,483,881)	0
Total revenues	20,483,881	0	20,483,881
FUNCTIONAL EXPENSES:			
Project costs	20,403,100	0	20,403,100
Professional fees	24,841	0	24,841
Administrative fees	50,268	0	50,268
Insurance	5,622	0	5,622
Miscellaneous fees	50	0	50
Total functional expenses	20,483,881	0	20,483,881
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, 2021

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2021 Totals</u>
REVENUES:			
Program revenues	\$ 0	\$ 6,291,072	\$ 6,291,072
Grant revenues	0	10,151,846	10,151,846
Funds released from restrictions	16,442,918	(16,442,918)	0
Total revenues	16,442,918	0	16,442,918
FUNCTIONAL EXPENSES:			
Project costs	16,304,136	0	16,304,136
Legal fees	8,300	0	8,300
Professional fees	17,411	0	17,411
Administrative fees	107,750	0	107,750
Insurance	5,271	0	5,271
Miscellaneous fees	50	0	50
Total functional expenses	16,442,918	0	16,442,918
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, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>2022 Totals</u>
Project costs	\$ 20,403,100	\$ 0	\$ 20,403,100
Professional fees	0	24,841	24,841
Administrative fees	0	50,268	50,268
Insurance	0	5,622	5,622
Miscellaneous fees	0	50	50
TOTAL EXPENSES	<u>\$ 20,403,100</u>	<u>\$ 80,781</u>	<u>\$ 20,483,881</u>

See accompanying notes and independent auditors' report.

ALBANY CSO POOL COMMUNITIES CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>2021 Totals</u>
Project costs	\$ 16,304,136	\$ 0	\$ 16,304,136
Legal fees	0	8,300	8,300
Professional fees	0	17,411	17,411
Administrative fees	0	107,750	107,750
Insurance	0	5,271	5,271
Miscellaneous fees	0	50	50
TOTAL EXPENSES	<u>\$ 16,304,136</u>	<u>\$ 138,782</u>	<u>\$ 16,442,918</u>

See accompanying notes and independent auditors' report.

ALBANY CSO POOL COMMUNITIES CORPORATION

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 0	\$ 0
Adjustments to convert to cash:		
(Increase) decrease in prepaid expense	0	50
(Increase) decrease in grants receivable	9,404	(21,512)
Increase in due to communities	146,912	63,503
Increase in accounts payable	15,449	3,120
	<hr/>	<hr/>
Net cash provided by operating activities	171,765	45,161
	<hr/>	<hr/>
NET INCREASE IN CASH	171,765	45,161
CASH - BEGINNING OF YEAR	322,265	277,104
	<hr/>	<hr/>
CASH - END OF YEAR	\$ 494,030	\$ 322,265
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See accompanying notes and independent auditors' report.

ALBANY CSO POOL COMMUNITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

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, 2022 AND 2021

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

Revenue Recognition

Albany CSO Pool Communities Corporation adopted ASC Topic 606, *Revenue from Contracts with Customers*, on October 1, 2021. The Corporation's financial results for reporting periods beginning October 1, 2021, are presented under the new accounting standard, while financial results for prior periods will continue to be reported in accordance with the Corporation's historical accounting policy. The adoption of ASC Topic 606 did not have a material impact on the amount or timing of its revenue recognition and the Corporation recognized no cumulative effect adjustment upon adoption.

Revenue is measured based on the amount of the consideration specified in a contract with a customer. Revenue is recognized when and as the Corporation's performance obligations under the terms of the contract are satisfied, which generally occurs with the performance of the services for the customer. The Corporation's major sources of revenue are governmental grants and contracts.

Grants and Contracts: Based on a review of the grant agreements it was determined that the grants received are nonreciprocal and therefore are not subject to Topic 606.

Interest Income: Interest income is recorded as revenue when earned.

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, 2022, 2021 and 2020, 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, 2022.

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.

ALBANY CSO POOL COMMUNITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

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

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>2022</u>	<u>2021</u>
City of Albany	\$ 612,351	\$ (608,199)
City of Cohoes	(1,062,698)	(457,035)
Village of Green Island	(4,611)	(1,244)
City of Rensselaer	335,614	378,855
City of Troy	(605,665)	333,228
City of Watervliet	248,908	25,205
	<hr/>	<hr/>
Due (to) from Communities	<u>\$ (476,101)</u>	<u>\$ (329,190)</u>

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, 2022 and 2021, 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, 2022 and 2021, \$59,372,329 and \$39,424,509, 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.

ALBANY CSO POOL COMMUNITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
<u>Item</u>		
Cash and cash equivalents	\$ 494,030	\$ 322,265
Grants receivable	<u>12,108</u>	<u>21,512</u>
Total available within one year	<u>\$ 506,138</u>	<u>\$ 343,777</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

FROM INCEPTION THROUGH THE YEARS ENDED SEPTEMBER 30, 2020, 2021 AND 2022

Community	Total Costs from inception through September 30, 2020	Total Grants from inception through September 30, 2020	Costs through September 30, 2021	Grants through September 30, 2021	Costs through September 30, 2022	Grants through September 30, 2022	Net Cumulative Costs
City of Albany	\$ 16,184,656	\$ (5,964,706)	\$ 15,942,164	\$ (10,000,001)	\$ 18,482,202	\$ 0	\$ 34,644,315
City of Cohoes	628,823	(243,751)	372,372	(85,650)	1,920,188	(1,159,627)	1,432,355
Village of Green Island	62,474	(5,316)	0	0	0	0	57,158
City of Rensselaer	159,045	(21,363)	0	0	0	0	137,682
City of Troy	5,535,631	(533,925)	0	0	0	0	5,001,706
City of Watervliet Corporation	228,529	(15,529)	0	0	0	0	213,000
	171,613	(54,379)	139,202	(66,197)	145,430	(103,524)	232,145
TOTAL	\$ 22,970,771	\$ (6,838,969)	\$ 16,453,738	\$ (10,151,848)	\$ 20,547,820	\$ (1,263,151)	\$ 41,718,361