

**TICONDEROGA REVITALIZATION
ALLIANCE, INC.
(A Component Unit of the Town of Ticonderoga, New York)**

FINANCIAL STATEMENTS

DECEMBER 31, 2023

CONTENTS

	<u>PAGE</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 – 3
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS</u>	4 – 8
<u>BASIC FINANCIAL STATEMENTS</u>	
Statement of net position.....	9
Statement of activities	10
Balance sheet – governmental fund	11
Statement of revenues, expenditures and changes in fund balance – governmental fund.....	12
Notes to basic financial statements	13 – 20
Independent auditors' 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>	21 – 22



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ticonderoga Revitalization Alliance, Inc.
Ticonderoga, New Yorks

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and discretely presented component unit of Ticonderoga Revitalization Alliance, Inc. (the Organization) a not-for-profit organization and component unit of the Town of Ticonderoga, New York, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Organization's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and discretely presented component unit of the Organization, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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 on pages 4 through 8 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2024, on our consideration of the Organization'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 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 Organization's internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Gloversville, New York
March 25, 2024

TICONDEROGA REVITALIZATION ALLIANCE, INC.
(A Component Unit of the Town of Ticonderoga, New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023

Our discussion and analysis of the Ticonderoga Revitalization Alliance, Inc.'s performance provides an overview of the Organization's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the Organization's financial statements.

HIGHLIGHTS

Financial Highlights:

- Total assets increased by \$467,363.
- Net position increased by \$466,223.

USING THIS ANNUAL REPORT

This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements and Notes to the Financial Statements, which explain in more detail some of the information in the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the organization-wide financial statements, fund financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Organization-wide financial statements. The organization-wide financial statements are designed to provide readers with a broad overview of the Organization's finances. They are reported on the full accrual basis of accounting.

The *Statement of Net Position* presents information on all of the Organization's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

The *Statement of Activities* presents information showing how the Organization's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Fund Financial Statements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The fund statements are reported on the modified accrual basis of accounting.

The focus of the governmental fund is narrower than that of the government-wide financial statements, so it is useful to compare the information presented for the governmental fund with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to financial statements. The Notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS

The following tables present the condensed summary of the Organization's net position for the fiscal years ended December 31, 2023 and 2022.

Table 1
Net Position

	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 4,380,420	\$ 3,913,057
Total assets	4,380,420	3,913,057
Liabilities		
Current liabilities	4,723	3,583
Total liabilities	4,723	3,583
Net Position		
Restricted	512,487	125,404
Unrestricted	3,863,210	3,784,070
Total Net Position	<u>\$ 4,375,697</u>	<u>\$ 3,909,474</u>

Net position may serve over time as a useful indicator of a government organization's financial position. In the case of the Organization, assets exceed liabilities by \$4,375,697 and \$3,909,474 as of December 31, 2023 and 2022, respectively. The Organization's financial position is the product of several financial transactions including the net results of activities.

Table 2
Changes in Net Position – Governmental Activities

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues		
Operating grants/contributions	\$ 714,414	\$ 883,709
Charges for services	5,410	5,730
General Revenue		
Interest on cash deposits	147	94
Interest on notes receivable	51,113	42,252
Investment income	8,550	553
Total Revenues	<u>779,634</u>	<u>932,338</u>
Expenses		
General government	<u>313,411</u>	<u>234,760</u>
Total Expenses	<u>313,411</u>	<u>234,760</u>
Total Change in Net Position	466,223	697,578
Investment in Component Unit	0	(1,400)
Net Position at Beginning of Year	<u>3,909,474</u>	<u>3,213,296</u>
Net Position at End of Year	<u>\$ 4,375,697</u>	<u>\$ 3,909,474</u>

Operating grants/contributions of \$714,414 are down \$169,295 from the prior year. Operating expenses increased from \$234,760 in 2022 to \$313,411 in 2023, an increase of \$78,651.

GOVERNMENTAL FUND

At December 31, 2023, the governmental fund reported total fund balance of \$4,240,269, an increase of \$422,846 from 2022.

2024 GOALS AND STRATEGIES

WORKFORCE DEVELOPMENT

Goal: To create and retain a younger skilled workforce and encourage local youth to live and work in the community.

Strategies:

1. Work with Ticonderoga Schools to exposure students to viable careers and trades that bring jobs to the Ti area. Connect students and employers for pipeline of skilled workforce.
2. Continue to encourage a large percentage of non-college-bound students to attend CV-TEC vocational education.
3. Work with teachers to increase Students in the Field and Professionals in the Classroom events tied to classroom curriculum.
4. Provide at least 4 post-high school scholarships and mentorships in the skilled trades and build the George C. Singer Scholarship Endowment Fund to approximately \$250,000 in 2024.
5. Produce 2024 Student Spring Job Fair.

BUSINESS AND ENTREPRENEURSHIP

Goal: To create opportunities for game-changing businesses in our community and foster support for locating in Ticonderoga.

Strategies:

1. Recruit two entrepreneurs to launch game changing businesses in the downtown Ticonderoga Area (to open in 2024) using the game-changer report and feasibility study as guidance.
2. Continue outreach to promote opportunities, business succession, entrepreneurship, and attract new residents to Ticonderoga through rejuvenation of the Opportunity Page.
3. Provide financial, legal, and other support to two existing and/or new businesses in the Ti Area to strengthen the resilience and sustainability of these businesses and contribute to the Ti Area as an attractive location to conduct business.
4. Rebuild the Entrepreneurs Fund balance to \$50,000 in 2024.

CHILDCARE FOR TICONDEROGA

Goal: Attract and retain working families and expand the ability of women in our community to enter/re-enter the workforce by creating childcare resources to support workers and employers.

Strategies:

1. Complete the development of the Ticonderoga Community Childcare Center.
2. Continue to raise Childcare endowment.
3. Explore additional growing needs for childcare to stay ahead of inventory needs.

DOWNTOWN REVITALIZATION

Goal: To revitalize Downtown Ticonderoga into the regional and local community hub that would delight and support both residents and visitors.

Strategies:

1. Complete Phase 1 renovation of 108 Montcalm and secure funding and match for Phase 2.
2. Work with the Ticonderoga DRI Committee to further develop and administer projects identified in the grant application and bring them to fruition through either DRI funding or other public and private funding including the Cobblers' Bench, Agway, KOC, and Ti Natural Foods CoOp expansion as appropriate.

OPERATIONAL CAPACITY

Goal: To secure the long-term financial health of the Ti-Alliance.

Strategies:

1. Continue to increase the financial and operational capacity of Ti-Alliance through fund raising, grant writing, and business opportunities that can provide financial and operational support of Ti-Alliance and build economic capacity in the Ticonderoga Area through public/private partnerships.
2. Foster partnerships with other local economic development entities to strengthen the Ti Area business environment and explore opportunities to work together on economic development projects.

CONTACTING THE ORGANIZATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Organization's finances and to demonstrate the Organization's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Organization at (518) 585-6530, PO Box 247, Ticonderoga, New York 12883.

TICONDEROGA REVITALIZATION ALLIANCE, INC.
(A Component Unit of the Town of Ticonderoga, New York)

STATEMENT OF NET POSITION

DECEMBER 31, 2023

	Primary Government	Component Unit
- ASSETS -	Ticonderoga Revitalization Alliance, Inc.	Northern Lake George Paddle, LLC
CURRENT ASSETS:		
Cash and cash equivalents - unrestricted	345,301	\$ 16,671
Cash and cash equivalents - restricted	460,065	0
Investments - restricted	52,422	0
Notes receivable - current	18,521	0
Total current assets	876,309	16,671
NONCURRENT ASSETS:		
Capital assets, net	69,140	27,748
Interest receivable	135,428	0
Notes receivable	3,299,543	0
Total noncurrent assets	3,504,111	27,748
TOTAL ASSETS	\$ 4,380,420	\$ 44,419
- LIABILITIES AND NET POSITION/PARTNERSHIP EQUITY -		
CURRENT LIABILITIES:		
Accounts payable	\$ 680	\$ 0
Accrued payroll taxes	4,043	0
Total current liabilities	4,723	0
NET POSITION:		
Restricted	512,487	0
Unrestricted	3,863,210	0
Total net position	4,375,697	0
PARTNERSHIP EQUITY:		
Partnership equity	0	44,419
TOTAL LIABILITIES AND NET POSITION/PARTNERSHIP EQUITY	\$ 4,380,420	\$ 44,419

See notes to basic financial statements.

TICONDEROGA REVITALIZATION ALLIANCE, INC.
(A Component Unit of the Town of Ticonderoga, New York)

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

	<u>Program Revenue</u>			<u>Net Revenues (Expenses) and Changes in Net Position/Partnership Equity</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>	<u>Component Unit</u>
				<u>Ticonderoga Revitalization Alliance, Inc.</u>	<u>Northern Lake George Paddle, LLC</u>
Primary Government:					
Ticonderoga Revitalization Alliance, Inc.					
General Government	\$ 313,411	\$ 5,410	\$ 714,414	\$ 406,413	\$ 0
Component Unit:					
Northern Lake George Paddle, LLC	\$ 15,646	\$ 3,878	\$ 2,021	0	(9,747)
General Revenues:					
Interest revenue on cash deposits				147	0
Interest revenue on notes receivable				51,113	0
Interest and dividends on investments				1,557	0
Unrealized gains on investments				6,993	0
Equipment sales, net				0	25
Total General Revenues				<u>59,810</u>	<u>25</u>
Change in Net Position/Partnership Equity				466,223	(9,722)
Net Position/Partnership Equity at Beginning of Year				<u>3,909,474</u>	<u>54,141</u>
Net Position/Partnership Equity at End of Year				<u>\$ 4,375,697</u>	<u>\$ 44,419</u>

See notes to basic financial statements.

TICONDEROGA REVITALIZATION ALLIANCE, INC.
(A Component Unit of the Town of Ticonderoga, New York)

BALANCE SHEET – GOVERNMENTAL FUND

DECEMBER 31, 2023

ASSETS

Cash and cash equivalents - unrestricted	\$ 345,301
Cash and cash equivalents - restricted	460,065
Investments - restricted	52,422
Notes receivable	3,318,064
Capital assets, net	69,140

TOTAL ASSETS

\$ 4,244,992

LIABILITIES

Accounts payable	\$ 680
Accrued payroll taxes	4,043

Total Liabilities

4,723

FUND BALANCE

Nonspendable	3,299,543
Restricted	512,487
Assigned	16,500
Unassigned	411,739

Total Fund Balance

4,240,269

TOTAL LIABILITIES AND FUND BALANCE

\$ 4,244,992

See notes to basic financial statements.

TICONDEROGA REVITALIZATION ALLIANCE, INC.
(A Component Unit of the Town of Ticonderoga, New York)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND**

YEAR ENDED DECEMBER 31, 2023

REVENUES

Contributions	\$ 709,414
Grants	5,000
Ti-Works fees	5,410
Interest and dividends	1,557
Interest revenue on cash deposits	147
Interest revenue on notes receivable	7,736
Unrealized gain on investment	6,993
	<u>736,257</u>
Total Revenues	736,257

EXPENDITURES

Advertising	951
Awards	18,244
Bank fees	455
Fundraising	7,386
Insurance	2,614
Membership dues and conferences	780
Office expenses	2,907
Payroll expenses	190,488
Professional fees	12,587
Scholarships	53,160
Subscriptions	295
Ti-Works rent and supplies	20,554
Travel, meals and entertainment	775
Utilities, internet and telephone	2,215
	<u>313,411</u>
Total Expenditures	313,411

EXCESS OF REVENUES OVER EXPENDITURES 422,846

FUND BALANCE AT BEGINNING OF YEAR 3,817,423

FUND BALANCE AT END OF YEAR \$ 4,240,269

Amounts reported for governmental activities in the statement of revenues, expenditures and changes in fund balance - governmental fund are different from the statement of activities because:

Excess of Revenues over Expenditures	\$ 422,846
To record accrued interest on notes receivable to be received in excess of one year	<u>43,377</u>
Net Change in Net Position	<u><u>\$ 466,223</u></u>

See notes to basic financial statements.

TICONDEROGA REVITALIZATION ALLIANCE, INC.
(A Component Unit of the Town of Ticonderoga, New York)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Ticonderoga Revitalization Alliance, Inc. (the Organization) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, which is responsible for their integrity and objectivity.

Nature of Operations

Ticonderoga Revitalization Alliance, Inc., is a not-for-profit, local development corporation whose mission is to restore economic prosperity in the Ticonderoga, New York region by serving as a catalyst for innovative ideas and resources, and for public-private partnerships and investment opportunities. The Organization is a component unit of the Town of Ticonderoga, New York (the Town). Due to this relationship and because the Organization’s sole member is the Town of Ticonderoga, New York, these financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units.

Component Unit

Northern Lake George Paddle, LLC (the Company) was formed on March 13, 2014, by the filing of articles of organization with the New York State Department of State pursuant to the Limited Liability Company Law of New York. On April 18, 2014, the Organization entered into an agreement with three individuals to operate the Company, a paddle tennis operation in Ticonderoga, New York, that is taxed as a partnership. The operating agreement provides that voting control rests with the individuals in that each individual has two votes and the Organization has one vote on any operating matters. Profits and losses are allocated based upon the percentage of ownership. The percentage of ownership is based upon capital contributions made by each member, net of any profit or loss to date. Following implementation of GASB Statement No. 90, *Majority Equity Interest*, during 2019, the Company is considered a component unit of the Organization and is discretely presented.

Measurement Focus and Basis of Accounting

The financial statements of Ticonderoga Revitalization Alliance, Inc. are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the Organization are described on the following pages.

Government-wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. The government-wide financial statements report information on all activities of the Ticonderoga Revitalization Alliance, Inc., which consist of governmental-type activities only, and Northern Lake George Paddle, LLC, as previously described in the “Component Unit” footnote disclosure.

In the government-wide statement of net position, all long-term assets and long-term liability obligations of the Organization are recognized.

TICONDEROGA REVITALIZATION ALLIANCE, INC.
(A Component Unit of the Town of Ticonderoga, New York)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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

Government-wide Financial Statements – (Continued)

In the government-wide statement of activities, all gross expenses of the one functional category of the Organization are recognized and supported by charges for services, operating grants, contributions, and general revenues. All gross expenses of Northern Lake George Paddle, LLC are recognized and supported by charges for services, contributions and general revenues.

Fund Financial Statements

The governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Ticonderoga Revitalization Alliance, Inc. considers all revenues reported in the governmental fund to be available if the revenues are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgements, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in the governmental fund financial statements. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources. The Organization's primary sources of revenues are contributions from local individuals, businesses and grants. Contribution and grant income are recognized as revenue when such amounts are received or accruable.

Fund Balance Classifications

Fund balance is divided into four classifications based primarily on the extent to which Ticonderoga Revitalization Alliance, Inc. is bound to observe constraints imposed upon the use of the resources in the governmental fund financial statements. The classifications are as follows:

Nonspendable fund balance – Amounts that are not in a spendable form such as inventory, prepaid expenses or long-term portions of loans receivable.

Restricted fund balance – Amounts subject to a constraint imposed by providers such as creditors, grantors, contributors, or higher levels of government or through constitutional provisions or enabling legislation.

Assigned fund balance – Amounts subject to a constraint that represents an intended use established by the government's highest level of decision-making authority or by their designated body or official, which is the Board of Directors.

Unassigned fund balance – Amounts available for any purpose, which are only found in the governmental fund or as a deficit balance in any other fund.

TICONDEROGA REVITALIZATION ALLIANCE, INC.
(A Component Unit of the Town of Ticonderoga, New York)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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

Equity Classifications

Organization-wide Statements

In the Organization-wide statements, there are two classes of net position:

i) Restricted Net Position

Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

ii) Unrestricted Net Position

Reports the balance of net position that does not meet the definition of the above classification and is deemed to be available for general use by the Organization.

Restricted Net Position

Restricted net position represents amounts subject to restrictions imposed by creditors, grantors, contributors, or higher levels of government. If both restricted and unrestricted funds are available for a specific purpose, the restricted funds are used before the unrestricted funds. The Organization has a total restricted net position of \$512,487 at December 31, 2023, all of which is offset by restricted cash and restricted investment balances. For further information, refer to the “Cash and Cash Equivalents – Restricted” and “Governmental Fund Balances” footnote disclosures.

Cash Equivalents

Ticonderoga Revitalization Alliance, Inc. considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include cash on deposit with financial institutions, which are insured for up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Cash on deposit with federally insured credit unions are insured for up to \$250,000 by the National Credit Union Administration (NCUA). Cash may, at times, exceed FDIC and NCUA insured limits. Amounts in excess of FDIC and NCUA limits at December 31, 2023 and 2022 were \$198,660 and \$193,291, respectively. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash or cash equivalents. The risk is managed by maintaining deposits in high quality financial institutions and federally insured credit unions.

These items are considered a concentration of credit risk requiring disclosure, regardless of the degree of risk. Total cash at risk at December 31, 2023 is \$198,660.

TICONDEROGA REVITALIZATION ALLIANCE, INC.
(A Component Unit of the Town of Ticonderoga, New York)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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

Capital Assets - Net

Capital assets are stated at cost. The policy of the Organization is to capitalize the costs of capital assets that are significant and have an expected useful life of more than one year.

Depreciation of capital assets is provided using the straight-line method for financial and tax reporting purposes at rates based on the estimated useful life of 5 years for computer equipment.

The cost of major renewals of betterments that extend the useful lives of capital assets are capitalized. The cost of maintenance and repairs are charged to expense when incurred.

There was no depreciation expense for the year ended December 31, 2023, as all capital assets were fully depreciated.

Program Revenue and Indirect Expenses

In the statement of activities, program revenue includes charges for services pertaining to Ti-Works fees collected by Ticonderoga Revitalization Alliance, Inc. and charges for services pertaining to membership and court fees collected by Northern Lake George Paddle, LLC. Program revenue also includes operating grants from the Town of Ticonderoga, New York and contributions from various local sources. No indirect expenses are allocated as there is only one functional category for the Organization.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from those estimates.

Income Taxes

Ticonderoga Revitalization Alliance, Inc. is a not-for-profit, local development corporation organized under the Not-for-Profit Law of the State of New York. The Organization is exempt from income taxes as a not-for-profit corporation under tax section 501(c)(3) as determined by the Internal Revenue Service.

Uncertain Tax Positions

In accordance with generally accepted accounting principles, the Organization accounts for uncertainty in income taxes by recognizing tax positions in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by tax authorities. As of December 31, 2023, the Organization believes that it has appropriate support for the income tax positions taken on its tax returns and, therefore, believes that it has no uncertain tax positions that would have a material impact on the financial statements. As of December 31, 2023, the tax years that remain subject to examination by taxing authorities begin with 2020.

TICONDEROGA REVITALIZATION ALLIANCE, INC.
(A Component Unit of the Town of Ticonderoga, New York)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS – RESTRICTED

Cash and cash equivalents – restricted consisted of the following as of December 31, 2023:

Donations for Entrepreneurs Fund	\$ 20,439
Donations for Scholarship Fund	111,630
Donations for 108 Montcalm Building	62,359
Donations for Childcare	264,835
Donations for Rural Business	316
Donations for Ti Golf	<u>486</u>
Total Cash and Cash Equivalents – Restricted	<u>\$ 460,065</u>

NOTE 3 – NOTES RECEIVABLE

Notes receivable consisted of the following as of December 31, 2023:

On September 1, 2017, the Organization entered into an agreement with Trek Tour, LLC for a mortgage note in the amount of \$300,000, with 3% interest, commencing on October 1, 2017, and monthly payments of \$1,664 through September 1, 2037. The note is secured by real property. Payments on the note were suspended during March 2020 but resumed in November 2022. As a result of the payment deferrals the maturity of this note is now January 1, 2040.	\$ 262,017
On February 3, 2022, the Organization entered into an agreement with Burleigh’s Luncheonette for a mortgage note in the amount of \$9,800, with 1.53% interest commencing on August 3, 2022 and monthly payments of \$284 starting on September 3, 2022 through August 3, 2025.	5,964
On June 8, 2023, the Organization entered into an agreement with William Porter for a mortgage note in the amount of \$15,000, with 2.00% interest, commencing on June 8, 2023 until July 1, 2025 at which time the interest rate shall increase to 6.00% on any remaining unpaid principle. Monthly payments of \$263 shall be due monthly starting on August 1, 2023.	13,806
On January 16, 2020, the Organization entered into an agreement with Ticonderoga Golf Corporation for a note receivable with an initial advance of \$50,000. A total of \$1,797,445 was advanced during 2020, \$754,514 during 2021, \$344,818 during 2022, and \$139,500 during 2023. Interest accrues at a rate of 1.5% with annual payments until paid in full. Every year on January 1, the borrower’s cash balance will be certified. The annual payments will equal 60% of the borrower’s increase in cash balance over \$10,000 as of the previous year’s certification date. See note below.	<u>3,036,277</u>
Total notes receivable	3,318,064
Less: current portion	<u>18,521</u>
Notes receivable, net of current portion	<u>\$ 3,299,543</u>

TICONDEROGA REVITALIZATION ALLIANCE, INC.
(A Component Unit of the Town of Ticonderoga, New York)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3 – NOTES RECEIVABLE – (CONTINUED)

Repayment on the note receivable with Ticonderoga Golf Corporation was expected to begin on January 15, 2022, per the terms of the January 16, 2020 loan agreement. However, no payments have been received by the Organization. This is due to Ticonderoga Golf Corporation not meeting the requirements per the language of the note receivable for payments to commence. Interest receivable of \$135,428 has been accrued at a rate of 1.5% as of the dates principal funds were advanced.

Total interest revenue recognized in connection with the Trek Tour, LLC mortgage note receivable was \$7,519 for the year ended December 31, 2023. Total interest revenue recognized in connection with the Burleigh's Luncheonette mortgage notes receivable was \$96 for the year ended December 31, 2023. Total interest revenue recognized in connection with the William Porter mortgage notes receivable was \$120 for the year ended December 31, 2023. Total interest revenue accrued in connection with the Ticonderoga Golf Corporation note receivable was \$43,377 for the year ended December 31, 2023.

NOTE 4 – TI GOLF NOTE RECEIVABLE COLLECTABILITY

Upon review of the Ticonderoga Golf Corporation's (the Corporation) note receivable contract, future collectability of this note is in question. Per the contract language, payment only needs to be made if the Corporation's cash balance increases over the prior year's cash balance. Due to an entity's ability to control cash balances through year end purchases or other planning methods, and no payments being due on this note otherwise, the likelihood of full collection of this note is deemed low. The Organization views this note as a long-term investment in the community of Ticonderoga. As a result, they are willing to carry this note for the long term. The Organization is also willing to renegotiate terms of the note, if deemed necessary. The proceeds used to fund this note were all donations from individuals that restricted their donations for use on the golf course.

NOTE 5 – FAIR VALUE MEASUREMENTS

As required by FASB ASC, *Fair Value Measurement*, the Organization is required to value investment and debt securities based on the valuation measurement techniques and hierarchy established by the FASB ASC.

There are three general valuation techniques that may be used to measure fair value, as described below:

- A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sales transactions, market trades or other sources.
- B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

TICONDEROGA REVITALIZATION ALLIANCE, INC.
(A Component Unit of the Town of Ticonderoga, New York)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 5 – FAIR VALUE MEASUREMENTS – (CONTINUED)

Fair values of assets and liabilities measured on a recurring basis at December 31, 2023, are as follows:

Fair Value Measurements Using

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets/Liabilities <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
<u>December 31, 2023</u>				
Notes receivable	\$ 3,318,064	\$ 0	\$ 3,318,064	\$ 0

NOTE 6 – CAPITAL ASSETS, NET

Capital assets at December 31, 2023, were fully depreciated and consisted of the following:

	<u>January 1, 2023</u>	<u>Additions</u>	Reclassifications and <u>Retirements</u>	<u>December 31, 2023</u>
Computer equipment	\$ 7,597	\$ 0	\$ 0	\$ 7,597
Construction in progress	35,608	33,532	0	69,140
Less: accumulated Depreciation	<u>(7,597)</u>	<u>0</u>	<u>0</u>	<u>(7,597)</u>
Capital assets, net	<u>\$ 35,608</u>	<u>\$ 33,532</u>	<u>\$ 0</u>	<u>\$ 69,140</u>

NOTE 7 – GOVERNMENTAL FUND BALANCES

Fund balance classifications in the governmental fund financial statements at December 31, 2023, are as follows:

Nonspendable funds total \$3,299,543, that represent the long-term portion of the notes receivable.
See Note 3.

Restricted funds total \$512,487, that represent cash on deposit from donations and investments with various purpose restrictions. Restricted cash total \$460,065, see Note 2 for a breakdown. Restricted investments total \$52,422.

Assigned funds total \$16,500, that represent intended uses for the Scholarship Fund, established by the Organization's highest level of decision-making authority, which is the Board of Directors.

Unassigned funds total \$411,739, that represent amounts available for any purpose, which is only found in the governmental fund.

TICONDEROGA REVITALIZATION ALLIANCE, INC.
(A Component Unit of the Town of Ticonderoga, New York)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 7 – GOVERNMENTAL FUND BALANCES – (CONTINUED)

In determining the order that expenditures will be applied to the various classifications of fund balance, it is the Organization's policy to first determine the total fund balance that is nonspendable and to then determine the amount of restricted fund balance. Any remaining fund balance is first committed and/or assigned to a specific purpose. In the governmental funds, the remaining fund balance is unassigned. Unassigned balances are available for general use.

NOTE 8 – COMPONENT UNIT

During the year ended December 31, 2019, the Organization adopted the provision of Governmental Accounting Standards Board Statement No. 90, *Major Equity Interests*. GASB Statement No. 90 establishes the standards of accounting and financial reporting for a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for accounting and financial reporting of component units. At December 31, 2023, the Organization had a 99.8086% share of the total loss of the discretely presented component unit, Northern Lake George Paddle, LLC. The total loss for the Company at December 31, 2023 was \$9,741, of which \$9,722 is the Organization's share. Of the \$15,646 in total expenses at December 31, 2023, \$9,506 represents depreciation expense.

NOTE 9 – RELATED PARTY TRANSACTIONS

The Organization's sole member is the Town of Ticonderoga, New York. The Town Supervisor functions as an ex-officio member of the Board of Directors and has the right to appoint a majority (67%) of board members. As such, it has been determined that Ticonderoga Revitalization Alliance, Inc. is a component unit of the Town of Ticonderoga, New York. However, pursuant to the bylaws of the Organization, the Town has no rights or interest in the property or assets of the Organization. During 2023, the Town of Ticonderoga, New York paid grants totaling \$5,000 to the Organization.

During 2017, the Organization loaned money to a local business for the purchase of a building for their operations. Two of the Organization's board members had a 3.95% total interest in the limited liability company that sold the building to the local business. See Note 3.

NOTE 10 – SUBSEQUENT EVENTS

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



**INDEPENDENT AUDITORS' 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**

To the Board of Directors
Ticonderoga Revitalization Alliance, Inc.
Ticonderoga, New York

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 Ticonderoga Revitalization Alliance, Inc., (a component unit of the Town of Ticonderoga, New York), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated March 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ticonderoga Revitalization Alliance, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ticonderoga Revitalization Alliance Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Ticonderoga Revitalization Alliance, Inc.'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 Organization'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 charge 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ticonderoga Revitalization Alliance, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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 Organization'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.

WEST & COMPANY CPAs PC

Gloversville, New York
March 25, 2024