

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

Independent Auditor's Report

Financial Statements
and Supplementary
Information

December 31, 2019

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the 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, 2019, and the related notes to the financial statements, which collectively comprise Ticonderoga Revitalization Alliance, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 respective financial position of the governmental activities and the discretely presented component unit of Ticonderoga Revitalization Alliance, Inc., as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020, on our consideration of Ticonderoga Revitalization Alliance, Inc.'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 Ticonderoga Revitalization Alliance, Inc.'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 Ticonderoga Revitalization Alliance, Inc.'s internal control over financial reporting and compliance.

Whittemore, Dowen & Ricciardelli, LLP

Whittemore, Dowen & Ricciardelli, LLP
Queensbury, New York

March 30, 2020

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, 2019

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, 2019. Please read it in conjunction with the Organization's financial statements.

HIGHLIGHTS

Financial Highlights:

- Total assets increased by \$79,901.
- Change in net position of \$77,227, is up \$36,375 from the prior year change in net position, as restated.

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 FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the government-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.

Government-wide financial statements. The government-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.

The government-wide financial statements report information on all activities of Ticonderoga Revitalization Alliance, Inc., which consist of governmental-type activities only. The Organization also includes a component unit, Northern Lake George Paddle, LLC, a paddle tennis operation in Ticonderoga, New York that is taxed as a partnership, in its report. While it is a legally separate entity, Northern Lake George Paddle, LLC's operational or financial relationship with the Organization makes the Organization financially accountable and, therefore, is included in the government-wide financial statements as a discretely presented component unit.

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. The governmental fund statement of revenues, expenditures and changes in fund balance provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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, 2019

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 a summary of the Organization's net position for the fiscal years ended December 31, 2019 and 2018.

Table 1

Net Position

	2019		2018 as Restated
Current and Other Assets	\$ 510,282	Current and Other Assets	\$ 430,381
Total Assets	510,282	Total Assets	430,381
Other Liabilities	5,257	Other Liabilities	2,083
Long-Term Debt Outstanding	-	Long-Term Debt Outstanding	500
Total Liabilities	5,257	Total Liabilities	2,583
Restricted	45,756	Restricted	-
Unrestricted	459,269	Unrestricted	427,798
Total Net Position	\$ 505,025	Total Net Position	\$ 427,798

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 \$505,025 as of December 31, 2019 and by \$427,798 as of December 31, 2018, as restated. The Organization's financial position is the product of the net results of activities.

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, 2019

Table 2
Changes in Net Position – Governmental Activities

	2019		2018 as Restated
Revenues:		Revenues:	
Program Revenue:		Program Revenue:	
Operating grants/contributions	\$ 145,353	Operating grants/contributions	\$ 67,540
General Revenue:		General Revenue:	
Interest on cash deposits	63	Interest on cash deposits	45
Interest on note receivable	8,424	Interest on note receivable	8,780
Total Revenues	153,840	Total Revenues	76,365
Expenses:		Expenses:	
General government	76,613	General government	35,513
Total Expenses	76,613	Total Expenses	35,513
Change in net position	77,227	Change in net position	40,852
Net Position at Beginning of Year	427,798	Net Position at Beginning of Year	479,009
Cumulative effect of change in accounting principle	-	Cumulative effect of change in accounting principle	(92,063)
Net Position at Beginning of Year, as Restated	427,798	Net Position at Beginning of Year, as Restated	386,946
Net Position at End of Year	\$ 505,025	Net Position at End of Year	\$ 427,798

Operating grants/contributions of \$145,353 are up \$77,813 from the prior year. Operating expenses increased from \$35,513 in 2018 to \$76,613 in 2019, an increase of \$41,100.

During the year ended December 31, 2019, the Organization implemented GASB Statement No. 90, *Majority Equity Interests*. The implementation of this standard resulted in the restatement of the opening net position on the statement of activities and the statement of revenues, expenditures and changes in fund balance as of the beginning of the fiscal year. The cumulative effect of change in accounting principle in the amount of \$(92,063) represents the balance of the Organization's 99.81% investment in Northern Lake George Paddle, LLC at December 31, 2017, and has been adjusted for in order to present Northern Lake George Paddle, LLC as a discretely presented component unit. Therefore, the Organization's loss on investment in the amount of \$4,927 and \$12,077 for the years ended December 31, 2019 and 2018, respectively, are no longer included in the results of the primary government's financial position.

GOVERNMENTAL FUND

At December 31, 2019, the governmental fund reported a fund balance of \$505,025, a decrease of \$77,227 from 2018. The Organization's fund balance is classified into three classifications: nonspendable, restricted and unassigned. The nonspendable fund balance of \$262,266 represents the long-term portion of the note receivable. The restricted fund balance of \$45,756 represents donations for specific purposes. The remaining \$197,003 of the governmental fund balance is unassigned.

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, 2019

CAPITAL ASSETS

Capital assets at December 31, 2019 were fully depreciated and consisted solely of computer equipment.

OUTSTANDING DEBT

There was no outstanding debt at December 31, 2019, as it was paid off during 2019.

2020 GOALS AND OBJECTIVES

1. Maintain Ti-Alliance in good standing with all compliance requirements for LDC, PARIS, NY State Grants Gateway, Federal SAM, and Financial Audits.
2. Continue ZAP Buildings Program with additional remediation and first endeavors with revolving fund. Expand revolving fund.
3. Execute on Trade Education Access Program:
 - a. Renew RBDG Grant
 - b. Execute Contractors in the Classroom Program
 - c. Expand career fair with trade section
 - d. Award 5 scholarships for 2020 students to trade programs
 - e. Expand summer intern program
 - f. Update Quick Reference Guide
4. Business Development:
 - a. Create the structure, standards and materials for the Business Incubation Program. Recruit supporting landlords, service providers, town government, and incubator partners.
 - b. Uncover 2 solid tourism incubation opportunities
 - c. Uncover 1 solid tech or manufacturing incubation opportunity
 - d. Create downtown Ticonderoga co-working space and work with NCREDC on Remote Workers Program
 - e. Assist downtown private developers with grant writing for building improvements
 - f. Assist Ticonderoga Golf Club in securing additional reconstruction grant funding
 - g. Work with the Town of Ticonderoga and Essex County on zoning issues related to economic development and expansion of the Hamlet
5. Initiate Housing and Lodging Roundtable to foster networking and complementary development of middle-income housing and new tourist lodgings.
6. Expand the development program to help Ti-Alliance obtain long-term sustainability for operational costs:
 - a. Increase communication to donors with more frequent social media postings and semi-monthly one-page email updates. Maintain updated and clean lists for communications and fundraising via Robly.
 - b. Cultivate larger donors for operational funds
 - c. Fund Entrepreneur Fund to \$50,000 and match with federal and/or state funds
 - d. Fund Scholarship Program with renewable/sustainable annual scholarships
 - e. Write or support the writing of DRI, CFA and additional grants
7. Expand the visibility of Ti-Alliance and its activity to influencers throughout the region and state. Build ongoing relationships with federal, state and private funders.

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, 2019

	Primary Government Ticonderoga Revitalization Alliance, Inc.	Component Unit Northern Lake George Paddle, LLC
ASSETS		
Current Assets:		
Cash and cash equivalents - unrestricted	\$ 190,357	\$ 23,618
Cash and cash equivalents - restricted	45,756	-
Note receivable, current portion	11,903	-
Total Current Assets	248,016	23,618
Noncurrent Assets:		
Capital assets, net	-	51,327
Note receivable, net of current portion	262,266	-
Total Noncurrent Assets	262,266	51,327
Total Assets	510,282	74,945
LIABILITIES		
Current Liabilities:		
Accrued expenses	3,344	-
Accrued payroll taxes	1,913	-
Total Current Liabilities	5,257	-
Total Liabilities	5,257	-
NET POSITION/EQUITY		
Net Position:		
Restricted	45,756	-
Unrestricted	459,269	-
Total Net Position	505,025	-
Partnership Equity	-	74,945
Total Net Position/Equity	\$ 505,025	\$ 74,945

See Independent Auditor's Report and Notes

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

Statement of Activities

December 31, 2019

	Program Revenue		Net (Expenses) Revenues and Changes in Net Position/Equity		
Expenses	Charges for Services	Operating Grants and Contributions	Primary Government Ticonderoga Revitalization Alliance, Inc.	Component Unit Northern Lake George Paddle, LLC	
Primary Government: Ticonderoga Revitalization Alliance, Inc.: General government	\$ 76,613	\$ -	\$ 145,353	\$ 68,740	\$ -
Component Unit: Northern Lake George Paddle, LLC	\$ 12,219	\$ 5,360	\$ 400	-	(6,459)
General Revenues (Losses):					
Interest revenue on cash deposits			63	-	-
Interest revenue on note receivable			8,424	-	-
Equipment sales, net			-	-	1,523
Total General Revenues (Losses)			8,487	-	1,523
Change in Net Position/Equity			77,227	-	(4,936)
Partner Contribution			-	-	450
Net Position/Equity at Beginning of Year			507,084	-	79,431
Cumulative effect of change in accounting principle			(79,286)	-	-
Net Position/Equity at Beginning of Year, as Restated			427,798	-	79,431
Net Position/Equity at End of Year			\$ 505,025	-	\$ 74,945

See Independent Auditor's Report and Notes

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

Balance Sheet
Governmental Fund

December 31, 2019

ASSETS

Current Assets:

Cash and cash equivalents - unrestricted	\$ 190,357
Cash and cash equivalents - restricted	45,756
Note receivable	<u>274,169</u>
 Total Assets	 <u><u>\$ 510,282</u></u>

LIABILITIES

Current Liabilities:

Accrued expenses	\$ 3,344
Accrued payroll taxes	<u>1,913</u>
 Total Liabilities	 <u>5,257</u>

FUND BALANCES

Nonspendable	262,266
Restricted	45,756
Unassigned	<u>197,003</u>
 Total Fund Balances	 <u>505,025</u>
 Total Liabilities and Fund Balances	 <u><u>\$ 510,282</u></u>

See Independent Auditor's Report and Notes

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

December 31, 2019

Revenues (Losses):	
Contributions	\$ 136,353
Grants	9,000
Interest revenue on cash deposits	63
Interest revenue on note receivable	8,424
	8,424
Total Revenues (Losses)	153,840
Expenditures:	
General Government Support:	
Administrative fees	125
Advertising	4,161
Awards	450
Fundraising	2,592
Insurance	2,202
Meals and entertainment	594
Membership dues and conferences	689
Office expense	1,490
Payroll expenses	31,551
Professional fees	29,891
Subscriptions	448
Travel	1,269
Utilities, internet and telephone	1,151
Debt Service: Principal	500
	500
Total Expenditures	77,113
Excess of Revenues (Losses) Over Expenditures	76,727
Fund Balance at Beginning of Year	507,584
Prior Period Adjustment	(79,286)
	(79,286)
Fund Balance at Beginning of Year, As Restated	428,298
Fund Balance at End of Year	\$ 505,025
Amounts reported for governmental activities in the statement of revenues, expenditures and changes in fund balance are different from the statement of activities because:	
Net Change in Fund Balance	\$ 76,727
To record final payment of note payable recorded as a reduction of liabilities in the government-wide statements.	500
	500
Net Change in Net Position	\$ 77,227

See Independent Auditor's Report and Notes

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

Notes to Financial Statements

December 31, 2019

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 clearinghouse for innovative ideas and a catalyst for public-private partnerships and investment opportunities. The Organization is a component unit of the Town of Ticonderoga. Due to this relationship and because the Organization's sole member is the Town of Ticonderoga, 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 Interests*, during 2019, the Company is considered a component unit of the Organization and is discretely presented. See the "Adoption of New Accounting Pronouncement" footnote disclosure.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 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.

In the government-wide statement of activities, all gross expenses of the one functional category of the Organization are recognized and supported by 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.

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

Notes to Financial Statements

December 31, 2019

Summary of Significant Accounting Policies – Continued

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 judgments, 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 revenue 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 five 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.

Committed fund balance – Amounts subject to a purpose imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year and that require the same level of formal action to remove the constraint.

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.

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 \$45,756, all of which is offset by restricted cash 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.

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

Notes to Financial Statements

December 31, 2019

Summary of Significant Accounting Policies – Continued

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). The risk is managed by maintaining deposits in high quality financial institutions and federally insured credit unions. The Organization had no cash in excess of the FDIC or NCUA limits for the year ended December 31, 2019.

Capital Assets

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 or 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, 2019, 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 membership and court fees collected by Northern Lake George Paddle, LLC, 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 of 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 Not-For-Profit Corporation Law of New York State. The Organization is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

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, 2019, 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, 2019, the tax years that remain subject to examination by taxing authorities begin with 2016.

Adoption of New Accounting Pronouncement

During the year ended December 31, 2019, the Organization adopted the provisions of Governmental Accounting Standards Board Statement No. 90, *Majority 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, among other items.

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

Notes to Financial Statements

December 31, 2019

Summary of Significant Accounting Policies – Continued

Future Impacts of Accounting Pronouncements

The Organization has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 87, *Leases*, effective after the year ended December 31, 2019. The Organization is, therefore, unable to disclose the impact that adopting this pronouncement will have on the financial position and results of operations in the future.

Cash and Cash Equivalents – Restricted

Cash and cash equivalents – restricted consisted of the following as of December 31, 2019:

Donation for future Entrepreneurs Fund, including interest earned on account balance	\$ 10,001
Donation for the purchase of the Hacker Building	35,750
Membership with a credit union for future Career Training Scholarship Fund donations	<u>5</u>
Total Cash and Cash Equivalents – Restricted	<u>\$ 45,756</u>

Note Receivable

Note receivable consisted of the following as of December 31, 2019:

On September 1, 2017, the Organization entered into an agreement on a mortgage note in the amount of \$300,000, with 3% interest, commencing on October 1, 2017, monthly payments of \$1,664 through September 1, 2037. The note is secured by real property.

\$ 274,169	\$ 274,169
Less: current portion	<u>(11,903)</u>
Long-term receivable, net of current portion	<u>\$ 262,266</u>

Maturities of the note receivable are as follows:

Years ending December 31,	Principal	Interest	Total
2020	\$ 11,903	\$ 8,062	\$ 19,965
2021	12,265	7,700	19,965
2022	12,638	7,327	19,965
2023	13,023	6,942	19,965
2024	13,419	6,546	19,965
2025-2029	73,470	26,357	99,827
2030-2034	85,344	14,483	99,827
2035-2037	<u>52,107</u>	<u>2,221</u>	<u>54,328</u>
	<u>\$ 274,169</u>	<u>\$ 79,638</u>	<u>\$ 353,807</u>

Total interest revenue recognized in connection with the mortgage receivable for the year ended December 31, 2019, was \$8,424.

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

Notes to Financial Statements

December 31, 2019

Capital Assets

Capital assets at December 31, 2019, were fully depreciated and consisted of the following:

	January 1, 2019	Additions	Reclassifications and Retirements	December 31, 2019
Computer equipment	\$ 7,597	\$ -	\$ -	\$ 7,597
Less: Accumulated depreciation	(7,597)	-	-	(7,597)
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note Payable

The note payable represents amounts owed to a law firm in a settlement agreement regarding unpaid fees. The firm agreed to settle the note for a total of \$7,500 in installments to be paid over a period of 5 years at no interest with \$1,000 paid in 2015, \$2,000 paid in 2016, \$2,000 paid in 2017, and \$2,000 paid in 2018. The final payment of \$500 was made during 2019.

The following is a summary of changes in the note payable for the year ended December 31, 2019:

	Payable at January 1, 2019	Reductions	Additions	Payable at December 31, 2019	Due Within One Year
Note Payable	<u>\$ 500</u>	<u>\$ (500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Change in Accounting Principle

During the year ended December 31, 2019, the Organization implemented GASB Statement No. 90, *Majority Equity Interests*. The implementation of this standard resulted in the restatement of the opening net position on the statement of activities and the statement of revenues, expenditures and changes in fund balance as of the beginning of the fiscal year and the presentation of Northern Lake George Paddle, LLC as a discretely presented component unit.

The Organization's net position and governmental fund balance has been restated for the implementation of GASB Statement No. 90, as follows:

Government-wide statements:

Net position at beginning of year	\$ 507,084
Change in beginning net position	<u>(79,286)</u>
Cumulative effect of change in accounting principle – net decrease in net position	<u>\$ 427,798</u>

TICONDEROGA REVITALIZATION
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Notes to Financial Statements

December 31, 2019

Change in Accounting Principle – Continued

Governmental fund financial statements

Fund balance at beginning of year	\$ 507,584
Change in beginning fund balance	<u>(79,286)</u>
Cumulative effect of change in accounting principle – net decrease In governmental fund balance	<u>\$ 428,298</u>

Governmental Fund Balances

Fund balance classifications in the governmental fund financial statements at December 31, 2019, are as follows:

Nonspendable funds represent the long-term portion of the note receivable. See the “Note Receivable” footnote disclosure.

Restricted funds total \$45,756 in cash accounts that represent donations for specific purposes. See the “Cash and Cash Equivalents – Restricted” footnote disclosure.

Component Unit

During 2019, the Organization received a \$450 contribution specifically earmarked for remittance to Northern Lake George Paddle, LLC and is reported on the statement of activities of Northern Lake George Paddle, LLC as a partner contribution. This amount is shown on the Organization’s statement of revenues, expenditures and changes in fund balance as an award.

At December 31, 2019, the Organization had a 99.8086% share of the total loss of the component unit. The total loss for the Company at December 31, 2019 was \$4,936, of which \$4,927 is the Organization’s share.

Of the \$12,219 in total expenses at December 31, 2019, \$8,594 represents depreciation expense.

Related Party Transactions

The Organization’s sole member is the Town of Ticonderoga, New York (the Town). 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 2019, the Town of Ticonderoga, New York paid grants totaling \$9,000 to the Organization.

In addition, the Organization loaned money to a local business for the purchase of a building for their operations during 2017. Two of the Organization’s board members had a 3.95% total interest in the limited liability company that sold the building to the business. See the “Note Receivable” footnote disclosure.

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Notes to Financial Statements

December 31, 2019

Subsequent Events

The Organization has evaluated all events through March 30, 2020, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure.



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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*

To the Board of Directors
Ticonderoga Revitalization Alliance, Inc.

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 governmental activities and the 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, 2019, and the related notes to the financial statements, which collectively comprise Ticonderoga Revitalization Alliance, Inc.'s basic financial statements, and have issued our report thereon dated March 30, 2020.

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) to determine the 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 Ticonderoga Revitalization Alliance, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of 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 charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ticonderoga Revitalization Alliance, Inc.'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 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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP
Queensbury, New York

March 30, 2020