

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, 2021

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 Audit of the Financial Statements

Opinions

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, 2021, 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.

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, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ticonderoga Revitalization Alliance, Inc. 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ticonderoga Revitalization Alliance, Inc.'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ticonderoga Revitalization Alliance, Inc.'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 Ticonderoga Revitalization Alliance, Inc.'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 management's discussion and analysis on pages 3-6 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 21, 2022, 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, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP
Queensbury, New York

March 21, 2022

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, 2021

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, 2021. Please read it in conjunction with the Organization's financial statements.

HIGHLIGHTS

Financial Highlights:

- Total assets increased by \$846,343.
- Change in net position of \$839,811, is down \$1,028,649 from the prior year change in net position.

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 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.

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, 2021

FINANCIAL ANALYSIS

The following tables present a summary of the Organization's net position for the fiscal years ended December 31, 2021 and 2020.

Table 1

Net Position

| | 2021 | | 2020 |
|----------------------------|--------------|----------------------------|--------------|
| Current and Other Assets | \$ 3,222,548 | Current and Other Assets | \$ 2,376,205 |
| Total Assets | 3,222,548 | Total Assets | 2,376,205 |
| Current Liabilities | 9,252 | Current Liabilities | 2,720 |
| Long-Term Debt Outstanding | - | Long-Term Debt Outstanding | - |
| Total Liabilities | 9,252 | Total Liabilities | 2,720 |
| Restricted | 69,649 | Restricted | 27,140 |
| Unrestricted | 3,143,647 | Unrestricted | 2,346,345 |
| Total Net Position | \$ 3,213,296 | Total Net Position | \$ 2,373,485 |

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 \$3,213,296 as of December 31, 2021, and by \$2,373,485 as of December 31, 2020. The Organization's financial position is the product of several financial transactions including 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, 2021

Table 2

Changes in Net Position – Governmental Activities

| | 2021 | | 2020 |
|-----------------------------------|--------------|-----------------------------------|--------------|
| Revenues: | | Revenues: | |
| Program Revenue: | | Program Revenue: | |
| Operating grants/contributions | \$ 1,066,891 | Operating grants/contributions | \$ 2,081,526 |
| Charges for services | 5,500 | Charges for services | - |
| General Revenue (Losses): | | General Revenue (Losses): | |
| Interest on cash deposits | 77 | Interest on cash deposits | 94 |
| Interest on notes receivable | 35,028 | Interest on notes receivable | 18,450 |
| Total Revenues | 1,107,496 | Total Revenues | 2,100,070 |
| Expenses: | | Expenses: | |
| General government | 267,685 | General government | 231,610 |
| Total expenses | 267,685 | Total expenses | 231,610 |
| Change in net position | 839,811 | Change in net position | 1,868,460 |
| Net Position at Beginning of Year | 2,373,485 | Net Position at Beginning of Year | 505,025 |
| Net Position at End of Year | \$ 3,213,296 | Net Position at End of ear | \$ 2,373,485 |

Operating grants/contributions of \$1,066,891 are down \$1,014,635 from the prior year. Operating expenses increased from \$231,610 in 2020 to \$267,685 in 2021, an increase of \$36,075.

GOVERNMENTAL FUND

At December 31, 2021, the governmental fund reported total fund balance of \$3,162,111, an increase of \$805,027 from 2020.

OUTSTANDING DEBT

Outstanding debt at December 31, 2021 consisted of a note payable in the amount of \$6,000, which was paid in full on January 6, 2022, and included in current liabilities.

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, 2021

2022 GOALS AND OBJECTIVES

1. Recruit two entrepreneurs to launch a game changing business in the Ticonderoga Area (to open in 2022) using the game-changer report and feasibility study as guidance.
2. Expand the use of an online marketing program to promote opportunities in Ticonderoga through the Opportunity Page.
 - a. Utilize the program to promote individual opportunities, especially for business succession and downtown property usage.
 - b. Utilize the program to promote to new residents and potential entrepreneurs.
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. Provide at least 3 education scholarships and mentorships in the skilled trades, and work with Ticonderoga Schools to expose students to viable trades that bring jobs to the Ti area and encourage young people to live and work here.
5. Build the Career Training Scholarship Endowment Fund to approximately \$150,000 in 2022.
6. Build the Entrepreneurs Fund to approximately \$50,000 in 2022.
7. Conduct an analysis of housing needs in the Ti Area and explore possible solutions to address the gap in middle income housing (\$125,000 - \$325,000) for working professionals. Explore the possibilities of creating a housing project in Ticonderoga based on the Northern Forest Center model employed in Lake Placid.
8. 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 Ti Area through public/private partnerships.
9. 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, 2021

| | Primary Government Ticonderoga Revitalization Alliance, Inc. | Component Unit Northern Lake George Paddle, LLC |
|---|--|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents - unrestricted | \$ 246,004 | \$ 13,839 |
| Cash and cash equivalents - restricted | 69,649 | - |
| Deposit | 35,608 | - |
| Total Current Assets | 351,261 | 13,839 |
| Noncurrent Assets: | | |
| Capital assets, net | - | 47,293 |
| Interest receivable | 51,185 | - |
| Notes receivable | 2,820,102 | - |
| Total Noncurrent Assets | 2,871,287 | 47,293 |
| Total Assets | 3,222,548 | 61,132 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accrued payroll taxes | 3,252 | - |
| Note payable, current portion - related party | 6,000 | - |
| Total Current Liabilities | 9,252 | - |
| Total Liabilities | 9,252 | - |
| NET POSITION/EQUITY | | |
| Net Position: | | |
| Restricted | 69,649 | - |
| Unrestricted | 3,143,647 | - |
| Total Net Position | 3,213,296 | - |
| Partnership Equity | - | 61,132 |
| Total Net Position/Equity | \$ 3,213,296 | \$ 61,132 |

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, 2021

| | 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 | \$ 267,685 | \$ 5,500 | \$ 1,066,891 | \$ 804,706 | \$ - |
| Component Unit: Northern Lake George Paddle, LLC | \$ 13,560 | \$ 6,615 | \$ 2,634 | - | (4,311) |
| General Revenues (Losses): | | | | | |
| Interest revenue on cash deposits | | | 77 | - | - |
| Interest revenue on notes receivable | | | 35,028 | - | - |
| Equipment sales, net | | | - | - | (1,373) |
| Total General Revenues (Losses) | | | 35,105 | - | (1,373) |
| Change in Net Position/Equity | | | 839,811 | - | (5,684) |
| Partner Contribution | | | - | - | 90 |
| Net Position/Equity at Beginning of Year | | | 2,373,485 | - | 66,726 |
| Net Position/Equity at End of Year | | | \$ 3,213,296 | - | \$ 61,132 |

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, 2021

ASSETS

| | |
|--|-----------------------------|
| Cash and cash equivalents - unrestricted | \$ 246,004 |
| Cash and cash equivalents - restricted | 69,649 |
| Notes receivable | 2,820,102 |
| Deposit | <u>35,608</u> |
| Total Assets | <u><u>3,171,363</u></u> |

LIABILITIES

| | |
|------------------------------|------------------|
| Accrued payroll taxes | 3,252 |
| Note payable - related party | <u>6,000</u> |
| Total Liabilities | <u>9,252</u> |

FUND BALANCES

| | |
|---|--------------------------------|
| Nonspendable | 2,820,102 |
| Restricted | 69,649 |
| Assigned | 26,040 |
| Unassigned | <u>246,320</u> |
| Total Fund Balances | <u>3,162,111</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 3,171,363</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, 2021

| | |
|--------------------------------------|--------------|
| Revenues: | |
| Contributions | \$ 988,200 |
| Grants | 78,691 |
| Ti-Works fees | 5,500 |
| Interest revenue on cash deposits | 77 |
| Interest revenue on notes receivable | 244 |
| | 1,072,712 |
| Total Revenues | 1,072,712 |
| Expenditures: | |
| Administrative fees | 275 |
| Advertising | 3,007 |
| Awards | 68,911 |
| Bank fees | 954 |
| Fundraising | 4,402 |
| Hacker Building expenses | 11,853 |
| Notes receivable | 2,672 |
| Membership dues and conferences | 1,547 |
| Office expenses | 4,258 |
| Payroll expenses | 126,996 |
| Professional fees | 8,723 |
| Scholarships | 19,163 |
| Subscriptions | 559 |
| Ti-Works rent and supplies | 11,335 |
| Travel, meals and entertainment | 1,654 |
| Utilities, internet and telephone | 1,376 |
| | 267,685 |
| Total Expenditures | 267,685 |
| Excess of Revenues Over Expenditures | 805,027 |
| Fund Balance at Beginning of Year | 2,357,084 |
| Fund Balance at End of Year | \$ 3,162,111 |

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 | \$ 805,027 |
| To record accrued interest on notes receivable to be received in excess of one year | 34,784 |
| Net Change in Net Position | \$ 839,811 |

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, 2021

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 Interests*, during 2019, the Company is considered a component unit of the Organization and is discretely presented.

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 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.

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

Notes to Financial Statements

December 31, 2021

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 \$69,649 at December 31, 2021, 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, 2021

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). Cash may, at times, exceed FDIC and NCUA insured limits. Amounts in excess of FDIC and NCUA limits at December 31, 2021 were \$26,660 and \$-, 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.

To assist in the collection of donations, the Organization also maintains an online account with PayPal. However, PayPal is not a bank and is not insured. Therefore, the \$5,088 PayPal account balance is at risk as of December 31, 2021.

These items are considered a concentration of credit risk requiring disclosure, regardless of the degree of risk. Total cash at risk at December 31, 2021 is \$31,748.

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 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, 2021, 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 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 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.

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

Notes to Financial Statements

December 31, 2021

Summary of Significant Accounting Policies – Continued

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, 2021, 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, 2021, the tax years that remain subject to examination by taxing authorities begin with 2018.

COVID-19 Financial Statement Impacts

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its business partners and collection of notes receivable and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net position and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic. See the remaining footnote disclosures for known effects, as of the date which these financial statements were available to be issued, directly resulting from the COVID-19 pandemic.

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 for reporting periods beginning after December 15, 2019, which was amended by GASB Statement No. 95 and extends the effective date to reporting periods beginning after June 15, 2021, GASB Statement No. 92, *Omnibus 2020*, as it relates to the effective date of GASB Statement No. 87, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Organization is, therefore, unable to determine the impact that adopting these pronouncements 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, 2021:

| | | |
|--|----|---------------|
| Donations for Entrepreneurs Fund | \$ | 30,475 |
| Donations for Scholarship Fund | | 19,169 |
| Donations for Hacker Building | | 3,789 |
| Donations for NLG Paddle, LLC | | 1,200 |
| Donations for NYC art trip | | 700 |
| Donations for school support | | 9,058 |
| Grant funding to support School Program Coordinator's salary | | 258 |
| Donation for Ti Golf Project | | 5,000 |
| | | <hr/> |
| Total Cash and Cash Equivalents – Restricted | \$ | <u>69,649</u> |

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

Notes to Financial Statements

December 31, 2021

Notes Receivable

Notes receivable consisted of the following as of December 31, 2021:

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, and repayment has been deferred due to the COVID-19 pandemic. See note below.

\$ 268,143

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. Additional funds are to be advanced from time to time upon receipt of contributions restricted for the Ti Golf Project. A total of \$1,797,445 was advanced during 2020. An additional \$754,514 was advanced during 2021. Interest accrues at a rate of 1.5% with annual payments until paid in full. Every year on January 1, the borrower's principal balance will be certified. The annual payments will equal 60% of the borrower's principal balance over \$10,000 as of the previous year's certification date. Annual payments were expected to begin on January 15, 2022. However, repayment has been deferred due to the COVID-19 pandemic. See note below.

2,551,959

Total notes receivable

2,820,102

Less: current portion

-

Notes receivable, net of current portion

\$ 2,820,102

As a result of the COVID-19 pandemic, global economic uncertainties have impacted the Organization's ability to collect payment on the notes receivable balances.

During March 2020, repayment on the mortgage note receivable with Trek Tour, LLC was suspended as a direct result of the cancellation of tours due to the COVID-19 pandemic. Trek Tour, LLC made only two payments in the amount of \$3,084 towards the September 1, 2017, mortgage note receivable leaving a balance of \$268,143 at December 31, 2021. The Organization has granted a deferral of payments until Trek Tour, LLC can resume operations at full capacity without COVID-19 restrictions. Management indicated that payments are expected to resume in May 2022; interest will be added to the amortization schedule at such time. A current portion of this receivable has not been calculated as it is not possible to determine if payments will, in fact, resume in 2022.

TICONDEROGA REVITALIZATION
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Notes to Financial Statements

December 31, 2021

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, payments are not expected to commence until January 15, 2023, due to delays in the renovation projects as a direct result of the COVID-19 pandemic. Interest receivable of \$51,185 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 \$244 for the year ended December 31, 2021. Total interest revenue accrued in connection with the Ticonderoga Golf Corporation note receivable was \$34,784 for the year ended December 31, 2021.

Deposit

A payment to Essex County, New York in the amount of \$35,608 on December 10, 2020, was made to purchase a foreclosed property referred to as the Hacker Building. However, the title and deed had not yet been transferred as of December 31, 2021. Once the title and deed are transferred from Essex County, New York to the Organization, the Hacker Building will immediately be sold to Trek Tour, LLC for \$38,750 per the terms of the purchase money loan agreement dated December 10, 2020.

Capital Assets, Net

Capital assets at December 31, 2021, were fully depreciated and consisted of the following:

| | January 1, 2021 | Additions | Recassifications and Retirements | December 31, 2021 |
|--------------------------------|--------------------|-------------|--|----------------------|
| Computer equipment | \$ 7,597 | \$ - | \$ - | \$ 7,597 |
| Less: accumulated depreciation | (7,597) | - | - | (7,597) |
| Capital assets, net | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Governmental Fund Balances

Fund balance classifications in the governmental fund financial statements at December 31, 2021, are as follows:

Nonspendable funds total \$2,820,102 that represent the long-term portion of the notes receivable. See the "Notes Receivable" footnote disclosure.

Restricted funds total \$69,649 that represent cash on deposit from donations with various purpose restrictions. See the "Cash and Cash Equivalents – Restricted" footnote disclosure.

Assigned funds total \$26,040 that represent intended uses for the Entrepreneurs Fund of \$10,025 and \$16,015 for the Scholarship Fund, established by the Organization's highest level of decision-making authority, which is the Board of Directors.

Unassigned funds total \$246,320 that represent amounts available for any purpose, which is only found in the governmental fund.

TICONDEROGA REVITALIZATION
ALLIANCE, INC.
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Notes to Financial Statements

December 31, 2021

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 fund, the remaining fund balance is unassigned. Unassigned balances are available for general use.

Component Unit

During the year ended December 31, 2019, the Organization adopted the provision 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. At December 31, 2021, 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, 2021 was \$(5,684), of which \$(5,673) is the Organization's share. Of the \$13,560 in total expenses at December 31, 2021, \$7,995 represents depreciation expense.

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 2021, the Town of Ticonderoga, New York paid grants totaling \$3,000 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 the "Notes Receivable" footnote disclosure.

During 2021, the Organization received a \$6,000 contribution from a board member intended to be treated as a loan to self-finance unexpected maintenance costs for the Hacker Building. The Organization repaid the note payable balance in full on January 6, 2022, with donations restricted for this purpose.

Subsequent Events

The Organization has evaluated all events through March 21, 2022, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure.

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, 2021, 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 21, 2022.

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 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whittemore, Dowen & Ricciardelli, LLP

Whittemore, Dowen & Ricciardelli, LLP
Queensbury, New York

March 21, 2022