

Town of Amherst  
Industrial Development Agency  
and  
Town of Amherst Development  
Corporation

Report to the Finance Committee

February 19, 2021



**Bonadio & Co., LLP**  
Certified Public Accountants

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Town of Amherst  
Industrial Development Agency  
and  
Town of Amherst Development  
Corporation

**Executive Summary**

**December 31, 2020**

## I. Summary of Audit Results – Town of Amherst Industrial Development Agency

- We plan to issue an unmodified opinion on the financial statements for the year ended December 31, 2020.
- There were no material weaknesses in internal controls identified during our audit.
- Current year revenue decreased by approximately \$279,000 due to a decrease in administrative fees earned on projects.
- Expenses increased by approximately \$60,000 primarily due to increased salaries and related benefit expenses. The Director of Business Development was employed by the Agency for a full year in 2020, attributing to most of this increase from 2019.
- Total net position decreased by approximately \$291,000.
- Total assets decreased \$78,000. The note receivable from the Corporation for \$50,000 was repaid in 2020, causing a decrease in notes receivable and an increase in cash. The cash increase was offset by the \$291,000 decrease in net position for the year.
- Total liabilities increased \$214,000. A portion of the PILOT payments collected by the Agency was still owed to the Erie County IDA at December 31, 2020. No such amount was owed as at December 31, 2019.


## II. Questions

## III. Summary of Audit Results – Town of Amherst Development Corporation

- We plan to issue an unmodified opinion on the financial statements for the year ended December 31, 2020.
- There were no material weaknesses in internal controls identified during our audit.
- Current year revenue increased by \$6,000. There were no administrative fees earned in 2019; however, in 2020, the Corporation earned \$1,000 in administrative fees and \$5,000 in Federal aid due from the Town of Amherst to fund an economic study of the area.
- Expenses increased approximately \$45,000 as \$40,000 in management fees was paid to the Agency in accordance with the shared services agreement.
- Total net position decreased by approximately \$48,000.
- Total assets decreased approximately \$96,000, as the result of the decrease in cash.
- Total liabilities decreased \$47,500 mainly due to the Corporation repaying the \$50,000 note payable to the Agency in 2020.

## IV. Questions

## V. Contact information

- Justin Reid, Engagement Partner, (716) 580-1609 or [jreid@bonadio.com](mailto:jreid@bonadio.com)
  - Randy Shepard, Engagement Partner, (716) 580-1639, or [rshepard@bonadio.com](mailto:rshepard@bonadio.com)
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February 19, 2021

To the Finance Committee of the Board of Directors of the  
Town of Amherst Industrial Development Agency:

We have audited the financial statements of the business-type activities of the Town of Amherst Industrial Development Agency (the Agency) for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 2, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### **SIGNIFICANT AUDIT MATTERS**

#### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 2 to the financial statements.

***During 2020, the Agency implemented parts of GASB 95 – Postponement of Effective Dates of Certain Authoritative Guidance. The standard delayed standards due to the nationwide pandemic that otherwise would have been applicable for the Agency’s financial statements.***

***The Agency also implemented GASB 91 – Conduit Debt Obligations. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.***

***We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

***There were no particularly sensitive estimates in the current year financial statements.***

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

***We did not note any particularly sensitive disclosures made by management in connection with our audit.***

The financial statement disclosures are neutral, consistent, and clear.

#### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

***The misstatements identified in our audit, and corrected by management, are displayed on Exhibit A.***

#### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

***We are pleased to report that no such disagreements arose during the course of our audit.***

#### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated the date of the Independent Auditor's Report.

#### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

***To our knowledge, there were no such consultations with other accountants.***

#### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors.

***However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.***

**Other Matters**

We applied certain limited procedures to management’s discussion and analysis (MD&A), which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Financing Activity and the Schedule of Detailed Financing Activity, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

\* \* \* \* \*

**Restriction on Use**

This information is intended solely for the information and use of the Finance Committee, the Board of Directors, and management of the Town of Amherst Industrial Development Agency and is not intended to be and should not be used by anyone other than these specified parties.

*Bonadio & Co, LLP*

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Exhibit A**

**Summary of Audit Adjustments**  
**For the year ended December 31, 2020**

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Change in net position - unaudited	\$	(299,448)
Current year audit adjustments:		
To capitalize new equipment purchases		9,420
To record depreciation expense for new equipment purchases		<u>(993)</u>
Current year client adjustment:		
To record additional expenses paid on credit card		<u>(364)</u>
Change in net position - audited	\$	<u><u>(291,385)</u></u>



February 19, 2021

To the Finance Committee of the Board of Directors of the  
Town of Amherst Development Corporation:

We have audited the financial statements of the business-type activities of the Town of Amherst Development Corporation (the Corporation) for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated December 14, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### **SIGNIFICANT AUDIT MATTERS**

#### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in Note 2 to the financial statements.

***During 2020, the Corporation implemented parts of GASB 95 – Postponement of Effective Dates of Certain Authoritative Guidance. The standard delayed standards due to the nationwide pandemic that otherwise would have been applicable for the Corporation’s financial statements.***

***The Corporation also implemented GASB 91 – Conduit Debt Obligations. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.***

***We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

***There were no particularly sensitive estimates in the current year financial statements.***

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

***We did not note any particularly sensitive disclosures made by management in connection with our audit.***

The financial statement disclosures are neutral, consistent, and clear.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

*The misstatements identified in our audit, and corrected by management, are displayed on Exhibit A.*

**Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

*We are pleased to report that no such disagreements arose during the course of our audit.*

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated the date of the Independent Auditor's Report.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

*To our knowledge, there were no such consultations with other accountants.*

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors.

*However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.*

**Other Matters**

We applied certain limited procedures to the Management's Discussion and Analysis (unaudited), which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

\* \* \* \* \*

**Restriction on Use**

This information is intended solely for the information and use of the Finance Committee, Board of Directors, and management of Amherst Development Corporation and is not intended to be and should not be used by anyone other than these specified parties.

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Presented Component Unit of the Town of Amherst, New York)**

**Summary of Audit Adjustments**  
**For the year ended December 31, 2020**

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Change in net position - unaudited	\$ (50,867)
Current year audit adjustments:	
To record Federal CDBG funding due from Town of Amherst for expenses incurred for Momentum Public Affairs study	5,000
To record expense for work performed in December 2020 by Momentum Public Affairs	<u>(2,500)</u>
Change in net position - audited	<u>\$ (48,367)</u>

**TOWN OF AMHERST INDUSTRIAL  
DEVELOPMENT AGENCY  
(A Discretely Presented Component Unit of the Town of  
Amherst, New York)**

**Financial Statements as of  
December 31, 2020 and 2019  
Together with Independent  
Auditor's Report**

*Draft - Subject to Change*

**Bonadio & Co., LLP**  
Certified Public Accountants

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

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## INDEPENDENT AUDITOR'S REPORT

March 27, 2020

To the Board of Directors of the  
Town of Amherst Industrial Development Agency:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Town of Amherst Industrial Development Agency (the Agency), a discretely presented component unit of the Town of Amherst, New York, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Agency'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 audits. We conducted our audits 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows for the years 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 the management's discussion and analysis 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 Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated March XX, 2021 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Agency'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 the Agency's internal control over financial reporting and compliance.

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2020 and 2019**

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The following Management's Discussion and Analysis (MD&A) of the Town of Amherst Industrial Development Agency's (the Agency) financial position provides an overview of the Agency's financial activities for the years ended December 31, 2020 and 2019. The MD&A should be read in conjunction with the Agency's financial statements and related notes, which follow the MD&A.

**FINANCIAL HIGHLIGHTS**

- The assets of the Agency exceeded its liabilities at December 31, 2020 and 2019 by \$1,445,107 and \$1,736,492, respectively.
- The Agency's net position decreased by \$291,385 in 2020 and increased by \$54,028 in 2019, as a result of 2020 and 2019 operations.
- The Agency's total revenues (operating and non-operating) were \$319,431 and \$605,070 in 2020 and 2019, respectively.
- The Agency's total expenses were \$610,816 and \$551,042 in 2020 and 2019, respectively.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The statement of net position and the statement of revenue, expenses, and change in net position report information about the Agency as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Agency's net position and changes in them from one year to the next. The Agency's net position, the difference between assets and liabilities, is one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in the Agency's fee income and the fluctuation of the Agency's expenses, to assess the overall health of the Agency.

**NOTES TO FINANCIAL STATEMENTS**

The financial statements also include notes that explain the information in the financial statements. They are essential to a full understanding of the data provided in the financial statements.



**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2020 and 2019**

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**FINANCIAL ANALYSIS**

The analysis below summarizes the statements of net position (Table 1) and changes in net position (Table 2) of the Agency as of and for the years ended December 31, 2020, 2019, and 2018.

**Table 1 - Statements of Net Position (in thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS:</b>			
Current assets	\$ 1,379	\$ 1,395	\$ 1,583
Capital assets, net	552	565	585
Restricted and other assets	<u>66</u>	<u>115</u>	<u>114</u>
<b>Total assets</b>	<u>1,997</u>	<u>2,075</u>	<u>2,282</u>
<b>LIABILITIES:</b>			
Current liabilities	246	339	278
Long-term liabilities	<u>306</u>	<u>-</u>	<u>322</u>
<b>Total liabilities</b>	<u>552</u>	<u>339</u>	<u>600</u>
<b>NET POSITION:</b>			
Net investment in capital assets	236	239	210
Restricted	66	65	64
Unrestricted	<u>1,143</u>	<u>1,432</u>	<u>1,408</u>
<b>Total net position</b>	<u>\$ 1,445</u>	<u>\$ 1,736</u>	<u>\$ 1,682</u>

A large portion of the Agency's net position (79% in 2020, 83% in 2019, and 84% in 2018) is unrestricted and available to meet ongoing and future liabilities. The decrease in net position from 2019 to 2020 was related to increased expenses, mainly relating to a full year of employing the new Director of Business Development position, combined with a decrease in administrative fees revenue. The increase in overall net position from 2018 to 2019 was due to an increase in administrative fees generated during the year.

Long-term liabilities consist of the Agency's mortgage on its office building and continue to decline as payments are made. Additionally, this mortgage was refinanced in January 2020.

Overall, the Agency continues to report a positive net position.

Table 2 shows the changes in net position for the years ended December 31, 2020, 2019, and 2018.

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2020 and 2019**

**Table 2 - Changes in Net Position (in thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>REVENUES:</b>			
Administrative fees	\$ 270	\$ 579	\$ 149
Application fees	2	2	1
Other and interest income	<u>48</u>	<u>24</u>	<u>54</u>
<b>Total revenues</b>	<u>320</u>	<u>605</u>	<u>204</u>
<b>EXPENSES:</b>			
Salaries and benefits	426	355	323
Mortgage interest	17	19	24
Professional fees	36	48	47
Depreciation	22	23	27
Other general and administrative	<u>110</u>	<u>106</u>	<u>109</u>
<b>Total expenses</b>	<u>611</u>	<u>551</u>	<u>530</u>
<b>Change in net position</b>	<u>\$ (291)</u>	<u>\$ 54</u>	<u>\$ (326)</u>

Agency revenues decreased in 2020 as there were less projects that closed during the year and overall the projects were smaller than in 2019. Agency revenues in 2019 increased from 2018 due to an increase in the number of lease agreements, installment sales, and mortgage refinancing transactions that closed during the year.

In 2020, Agency expenses increased approximately \$60,000 or 11%. This was mainly related to a full year of employing a new position, the Director of Business Development, which was created at the end of 2019. In 2019, Agency expenses remained consistent with the year prior. 2019 expenses were within 4% of 2018 expenses.

**FUTURE FACTORS**

No one was prepared for the devastating impacts of COVID-19 on public health and the economy. While we were focused on prevailing wage legislation and its impact on construction of economic development projects, COVID-19 shut down the regional economy for months in 2020 and severely impacted projects in the pipeline. Many of these projects will not rematerialize, but several others are active again as vaccinations increase and consumers become comfortable. Early indications are that there is pent up demand that should lead to more projects in 2021 and 2022.

Tempering development optimism is the enactment of legislation requiring prevailing wages to be paid on any project that receives state or local incentives continue to push for legislation at the State Level. This requirement is scheduled to go into effect January 2022, but may be delayed due to the State's economic picture. There are number of carve outs including historic tax credits, brownfield tax credits and affordable housing, but IDA incentives were not one of them. Previous analyses concluded that this provision would add approximately 20-35% percent to the cost of an economic development project upstate, so it is unclear currently how this will impact IDA deal activity.

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2020 and 2019**

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Years of planning efforts Town-wide focusing on redeveloping obsolete and under-utilized commercial and retail space appears to be finally leading to projects. Proposed projects at the Boulevard Mall and Amherst Central Park should start seeking approval in 2021. Infrastructure funding continues to be a factor that may impact the speed by which these areas develop.

In the other commercial real estate categories, it is still too early to ascertain COVID-19's impact on the existing office and industrial market due to remote work. When and how many workers return to the office will have a direct impact on vacancy and require strategies for repurposing properties that do not have market solutions for occupancy. Before COVID-19, these two sectors were experiencing a decline in vacancy.

**CONTACTING AGENCY'S ADMINISTRATION**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact the Town of Amherst Industrial Development Agency, 4287 Main Street, Amherst, New York 14226.

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Statements of Net Position**  
**December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 1,373,662	\$ 1,390,329
Prepaid expenses	<u>5,027</u>	<u>5,027</u>
Total current assets	1,378,689	1,395,356
Capital assets, net	552,379	565,298
Notes receivable, related party	-	50,000
Restricted cash	<u>66,306</u>	<u>64,507</u>
Total assets	<u>1,997,374</u>	<u>2,075,161</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Due to Erie County Industrial Development Agency	234,524	-
Accounts payable and accrued expenses	922	12,022
Current portion of mortgage payable	<u>10,637</u>	<u>326,647</u>
Total current liabilities	246,083	338,669
MORTGAGE PAYABLE, less current portion	<u>306,184</u>	<u>-</u>
Total liabilities	<u>552,267</u>	<u>338,669</u>
<b>NET POSITION</b>		
Net investment in capital assets	235,558	238,651
Restricted	66,306	64,507
Unrestricted	<u>1,143,243</u>	<u>1,433,334</u>
Total net position	<u>\$ 1,445,107</u>	<u>\$ 1,736,492</u>

The accompanying notes are an integral part of these statements.

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Statements of Revenue, Expenses, and Change in Net Position**  
**For the years ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUE:</b>		
Administrative fees	\$ 269,520	\$ 579,459
Application fees	2,000	2,000
Other revenue	45,750	14,743
Total operating revenue	<u>317,270</u>	<u>596,202</u>
<b>OPERATING EXPENSES:</b>		
Salaries and benefits, net	<u>426,025</u>	<u>354,542</u>
General and administrative -		
Professional fees	36,129	48,137
Building mortgage interest	17,262	19,443
Buffalo Niagara Enterprise participation	20,000	20,000
Maintenance and landscaping	15,897	17,372
Insurance	16,899	15,636
Special events and projects	14,013	1,574
Office supplies and postage	8,351	10,603
Real property taxes	8,211	7,694
Utilities	5,598	5,825
Telephone	6,395	5,690
Equipment rental and repair	5,253	8,016
Dues and subscriptions	3,298	6,422
Marketing	2,135	2,035
Education	1,899	2,043
Meetings and conferences	732	739
Auto and travel	380	2,129
Total general and administrative	<u>162,452</u>	<u>173,358</u>
Depreciation	<u>22,339</u>	<u>23,142</u>
Total operating expenses	<u>610,816</u>	<u>551,042</u>
Operating income (loss)	<u>(293,546)</u>	<u>45,160</u>
<b>NON-OPERATING REVENUE (EXPENSES):</b>		
Interest income	<u>2,161</u>	<u>8,868</u>
Total non-operating revenue (expenses)	<u>2,161</u>	<u>8,868</u>
CHANGE IN NET POSITION	(291,385)	54,028
NET POSITION - beginning of year	<u>1,736,492</u>	<u>1,682,464</u>
NET POSITION - end of year	<u>\$ 1,445,107</u>	<u>\$ 1,736,492</u>

The accompanying notes are an integral part of these statements.

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Statements of Cash Flows**  
**For the years ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Fees and other revenue received	\$ 317,270	\$ 596,202
Payments to employees and vendors	(599,577)	(516,800)
PILOT payments collected	4,073,448	4,113,874
PILOT payments disbursed	<u>(3,838,924)</u>	<u>(4,337,378)</u>
Net cash flow from operating activities	<u>(47,783)</u>	<u>(144,102)</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Additions to property and equipment	(9,420)	(3,102)
Principal payments on long-term debt	<u>(9,826)</u>	<u>(49,049)</u>
Net cash flow from capital and related financing activities	<u>(19,246)</u>	<u>(52,151)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Repayment of notes receivable, related party	50,000	-
Interest income	2,161	8,868
Withdrawals (income) from restricted deposits	<u>(1,799)</u>	<u>(129)</u>
Net cash flow from investing activities	<u>50,362</u>	<u>8,739</u>
CHANGE IN CASH	(16,667)	(187,514)
CASH - beginning of year	<u>1,390,329</u>	<u>1,577,843</u>
CASH - end of year	<u>\$ 1,373,662</u>	<u>\$ 1,390,329</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (293,546)	\$ 45,160
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	22,339	23,142
Changes in:		
Due to Erie County Industrial Development Agency	234,524	(223,504)
Accounts payable and accrued expenses	<u>(11,100)</u>	<u>11,100</u>
Net cash flow from operating activities	<u>\$ (47,783)</u>	<u>\$ (144,102)</u>

The accompanying notes are an integral part of these statements.

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019**

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**1. AGENCY**

The Town of Amherst Industrial Development Agency (the Agency) is a public benefit corporation created in 1973 in accordance with Article 18-A of New York State (the State) General Municipal Law for the purpose of encouraging financially sound companies to locate and expand in the Town of Amherst, New York (the Town). The Agency is exempt from federal, state and local income taxes. The Agency is a discretely presented component unit of the Town.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Agency's financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

**Basis of Presentation**

GASB requires the classification of net position into three classifications defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted net position - This component of net position consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that do not meet the definition of "net investment in capital assets" or "restricted."

When both restricted and unrestricted resources are available for use for the same purpose, the Agency uses restricted resources first and then unrestricted resources, as needed.

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019**

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**Nature of Activities**

- *Industrial Development Revenue Bonds*

Industrial development revenue bonds issued by the Agency are secured by the properties which are leased to companies and are retired by lease payments. The conduit debt arising from bonds and notes are not obligations of the Agency. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its financial statements since its primary function is to facilitate the financing between the borrowing companies and the bond holders. The Agency receives bond administrative fees from the borrowing companies for providing this service. Such fees are recognized immediately upon issuance of the funds. At December 31, 2020, there were no tax-exempt bonds outstanding with an aggregate amount payable. There was one bond outstanding at December 31, 2019. See additional detail in the conduit debt footnote.

- *Lease, Second and Collateral Mortgage Agreements, and Other Financing Programs*

Lease agreements are used for projects when no financing is needed. Typically the project is financed internally by the company or developer. Second and collateral mortgage agreements are a financing tool used only when there is a mortgage already on the property. There are typically two types of second mortgages available: (1) a fixed asset second mortgage which is used for tenant improvements and/or equipment when the builder/owner needs to borrow additional money; and (2) an equity asset mortgage which is used for permanent working capital when the borrower/owner borrows the appreciated value or equity in an existing building. There are a variety of other financing programs, such as equipment purchase mortgages, leasehold mortgages, installment sales, acquisitions and expansions that the Agency offers to participating companies.

The Agency does not record the assets or liabilities resulting from these activities in its financial statements since its primary function is to arrange the financing. Funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives administrative fees from the borrowing companies. Such fees are recognized when earned.

- *Lease with Mortgage Transactions*

Lease agreements with mortgages are used where financing is required but the borrower and lender do not want to enter into a bond transaction. In lease with mortgage transactions, the Agency signs the mortgage to subject its interest in the real property to the lien of the mortgage but does not execute and deliver a bond. The borrower company signs a note and joins in signing the mortgage with the Agency. Agency participation in the mortgage provides for the mortgage tax exemption. Agency policy has been to not take fee title to any additional real estate and instead for all new transactions involving real estate, the Agency takes a leasehold interest in the real estate which is sufficient to provide for real property tax abatement.



**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019**

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- *Payments in Lieu of Taxes*

The Agency has entered into contractual arrangements with each of the client companies that have outstanding industrial development revenue bonds, whereby the client companies make payments in lieu of taxes to the Agency. Upon receipt of such payments, the Agency remits them to various taxing jurisdictions (Town of Amherst, County of Erie and various school districts) within the Town. The Agency typically does not reflect transactions regarding payments in lieu of taxes in its financial statements since its function in this area is to collect and remit the payment. The Agency does not charge a fee for this service. For the year ended December 31, 2020, the Agency collected \$4,073,448 of payments in lieu of taxes and remitted \$3,838,924 to the taxing jurisdictions. \$234,524 of these collections had not yet been remitted as of December 31, 2020; and therefore, this is reported as an amount due to Erie County Industrial Development Agency on the Agency's financial statements as of the year end. In 2019, the amount collected by the Agency was \$4,113,874, which was less than the amount remitted of \$4,337,378, as the Agency remitted the amount that was due to Erie County Industrial Development Agency as of December 31, 2018.

**Related Parties**

The Agency is related to the Town of Amherst Development Corporation (the Corporation), a not-for-profit corporation, through common membership of its Board of Directors.

**Cash**

Cash includes cash on hand, demand deposits, money market funds, and savings accounts.

**Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. Generally accepted accounting principles require the use of the allowance method for recording bad debts. However, the use of the direct write-off method is not materially different from the results that would be obtained under the allowance method. Amounts for which no payments have been received for several months are considered delinquent and when customary collection efforts are exhausted, the account is written-off.

**Capital Assets**

Assets purchased or acquired with a useful life exceeding one year are capitalized. Contributed fixed assets are recorded at fair value at the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred. The Agency depreciates assets on the straight-line basis over the asset's estimated useful lives ranging from 3 to 10 years.

**Revenue Recognition**

Operating revenue consists of revenue from fees earned on new projects when bonds are issued, mortgages are issued or a refinancing occurs. The Agency charges an amount equal to 1% of the project amount. For second mortgages, the Agency charges an administrative fee of .50%. For lease assignments and assumptions, the Agency charges an administrative fee of 1%. For the tax exempt financing, the Agency charges an administrative fee of .50%. Fee income is recorded as revenue when the financing closes, regardless of when the related cash is received. For projects receiving a sales tax letter, 25% of the fee is recognized as revenue when the sales tax letter is issued. Fee income received prior to closing is recorded as deferred revenue. The Agency defines non-operating revenue as interest earnings.

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019**

**Income Taxes**

The Agency is a not-for-profit public benefit corporation and is exempt from income taxes under the Internal Revenue Code.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

The Agency's investment policies are governed by State statutes. In addition, the Agency has its own written investment policy. Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or trust companies located within the State and which have a branch office located within the Town. The Agency is authorized to use only demand deposit accounts and certificates of deposit. Collateral is required for demand deposit accounts and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

**Cash**

At December 31, 2020 and 2019, the Agency's cash was covered by FDIC insurance, or by eligible securities held in the Agency's name by a third-party custodial bank or by the bank's trust department. The Agency's deposits were insured and collateralized as follows at December 31:

	2020		2019	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Demand Deposits	\$ 21,215	\$ 13,991	\$ 72,473	\$ 65,170
Time Deposits	1,425,977	1,425,977	1,389,666	1,389,666
	<u>\$ 1,447,192</u>	<u>\$ 1,439,968</u>	<u>\$ 1,462,139</u>	<u>\$ 1,454,836</u>
Covered by FDIC insurance	\$ 337,521		\$ 386,980	
Collateralized by third party	1,109,671		1,096,662	
Total FDIC insurance and collateral	<u>\$ 1,447,192</u>		<u>\$ 1,483,642</u>	

Restricted cash and equivalents at December 31 consist of the following:

	2020	2019
Funds restricted for mortgage escrow - cash on deposit - escrow accounts	<u>\$ 66,306</u>	<u>\$ 64,507</u>

The Agency has also designated \$100,000 of unrestricted fund balance at December 31, 2020 and 2019 to be used for future investments.

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019**

**4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Capital assets being depreciated:				
Leashold improvements	22,710	-	-	22,710
Equipment	191,514	9,420	(110,937)	89,997
Building	719,835	-	-	719,835
Total capital assets being depreciated	934,059	9,420	(110,937)	832,542
Less: Accumulated depreciation:				
Leashold improvements	(19,659)	(806)	-	(20,465)
Equipment	(183,853)	(3,370)	110,937	(76,286)
Buildings	(265,249)	(18,163)	-	(283,412)
Total accumulated depreciation	(468,761)	(22,339)	110,937	(380,163)
Total capital assets being depreciated, net	465,298	(12,919)	-	452,379
Capital assets, net	<u>\$ 565,298</u>	<u>\$ (12,919)</u>	<u>\$ -</u>	<u>\$ 552,379</u>

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019**

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Capital assets being depreciated:				
Leashold improvements	22,710	-	-	22,710
Equipment	188,412	3,102	-	191,514
Building	719,835	-	-	719,835
Total capital assets being depreciated	930,957	3,102	-	934,059
Less: Accumulated depreciation:				
Leashold improvements	(18,853)	(806)	-	(19,659)
Fixed equipment	(179,680)	(4,173)	-	(183,853)
Buildings	(247,086)	(18,163)	-	(265,249)
Total accumulated depreciation	(445,619)	(23,142)	-	(468,761)
Total capital assets being depreciated, net	485,338	(20,040)	-	465,298
Capital assets, net	\$ 585,338	\$ (20,040)	\$ -	\$ 565,298

**5. RELATED PARTIES**

As discussed further in Note 1, at December 31, 2019, the Agency had a \$50,000 non-interest bearing note receivable from the Corporation. In 2020, the Corporation repaid this note in full.

In addition, the Agency provides office space and personnel to the Corporation. The Corporation reimburses the Agency for the use of office space and personnel through its management fee from income received during the year. The Corporation paid \$40,000 in management fees to the Agency during the year ended December 31, 2020. There were no management fees paid to the Agency for the year ended December 31, 2019.

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019**

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**6. DUE TO ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

As described in Note 2, the Agency collects and remits payments in lieu of taxes on behalf of various taxing jurisdictions. As of December 31, 2020, the Agency was holding \$234,524 of these payments collected. This money related to one specific PILOT agreement, for which there is a Memorandum of Understanding (MOU) with Erie County that stipulates Erie County can decide how this money should be used. There were ongoing discussions between the Agency management and parties to the MOU regarding the potential for the Agency to utilize this money toward projects in Amherst. As there had been no formal conclusion or agreement in regards to these discussions as of December 31, 2020, the amount held by the Agency is shown as an amount eligible for allocation per the terms of the MOU on the Statement of Net Position. As of December 31, 2019, the Agency was not holding any of the PILOT payments collected. As such, there was no amount due to Erie County IDA as of December 31, 2019.

**7. MORTGAGE PAYABLE**

The Agency's mortgage with Key Bank (the Lender) amounted to \$316,821 and \$326,647 at December 31, 2020 and 2019, respectively. The mortgage is a direct borrowing. The original mortgage agreement stated that the mortgage bore interest at 6% per year and was payable in 60 monthly installments of \$6,225 comprising of principal and interest through December 31, 2014. At January 1, 2015, the interest rate adjusted daily to 2% above the Regular Fixed Advance Rate offered by the Federal Home Loan Bank of New York for instruments having a term of five years. The rate was never to fall below 6%. Payments were to be made in 60 monthly installments based on a 10-year amortization of the outstanding balance at January 1, 2015. A balloon payment for the remaining balance was due in January 2020 per the original agreement; however, in January 2020, the Agency refinanced its mortgage, extending the maturity date to January 1, 2040 with the remaining balance to be paid in 240 monthly installments of \$2,121 comprising both principal and interest. The interest rate is 4.75% until January 1, 2025, the first adjustment date, upon which time the interest rate will be adjusted.

The terms of the mortgage require the Agency to maintain a restricted deposit with the bank which amounted to \$66,306 and \$64,507 at December 31, 2020 and 2019, respectively.

The mortgage requires the Agency to maintain a minimum debt coverage ratio of 1.2 to 1. The Agency obtained a waiver related to the minimum debt coverage covenant as of December 31, 2020. The Agency met the minimum debt coverage covenant as of December 31, 2019.

The mortgage contains a provision that in the event of default, other than default due to bankruptcy proceedings or insolvency, the Lender has the right to declare immediately due and payable all unpaid amounts of principal and interest on this mortgage. Upon default related to bankruptcy or insolvency, the Lender's obligations shall be cancelled immediately, automatically and without notice, and all amounts outstanding under this mortgage, and all other sums payable at the time or, or as the result of, such declaratoin under this mortgage or any other document securing this mortgage, shall become immediately due and payable without presentation, demand or notice of any kind to Borrower. If any payment due under this mortgage is unpaid for ten days or more, the Agency shall pay, in addition to any other sums due under this mortgage (and without limiting Lender's other remedies on account thereof), a late charge in an amount equal to the greater of 5% of the monthly payment or \$25.

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019**

The aggregate maturity of the mortgage payable for the years ending December 31 is as follows:

	Principal	Interest
2021	\$ 10,637	\$ 14,819
2022	11,154	14,303
2023	11,695	13,761
2024	12,263	13,194
2025	12,858	12,598
2026 - 2030	74,283	53,000
2031 - 2035	94,152	33,130
2035 - 2040	89,779	8,673
	<u>\$ 316,821</u>	<u>\$ 163,478</u>

Long-term debt relating to the Agency consisted of the following at December 31:

	Beginning Balance <u>2020</u>	Increases	Decreases	Due Within One Year	Long-Term Portion <u>2020</u>
Direct borrowing:					
Mortgage - KeyBank	\$ 326,647	\$ -	\$ (9,826)	\$ (10,637)	\$ 306,184

	Beginning Balance <u>2019</u>	Increases	Decreases	Due Within One Year	Long-Term Portion <u>2019</u>
Direct borrowing:					
Mortgage - KeyBank	\$ 375,696	\$ -	\$ (49,049)	\$ (326,647)	\$ -

Cash paid for interest amounted to \$17,262 and \$19,443 for the years ended December 31, 2020 and 2019, respectively.

**8. CONDUIT DEBT**

The Agency has issued revenue bonds on behalf of various organizations who are third-party obligors of the debt. Each of these revenue bonds will be solely paid back by the obligor and is only being disclosed as conduit debt by the Agency, as the Agency has no obligations to make payments on this debt.

The aggregate principal amounts outstanding as of December 31 for conduit debt issued by the Agency are as follows:

<u>Project Name</u>	<u>Issued Date</u>	<u>2020</u>	<u>2019</u>
6363 Main Street, Inc.	November 1994	\$ -	\$ 3,672,420

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019**

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**9. DEFINED CONTRIBUTION PLAN**

The Agency sponsors a defined contribution pension plan covering all employees who are age 21 or older and have completed one year of service. Contributions to the plan are made by the Agency at the rate of 7.7% of the employee's compensation. Employees are required to contribute at least 3% but not over 10% of their compensation in order to receive the 7.7% Agency matching contribution. The total expense relating to the plan incurred by the Agency amounted to \$18,611 and \$18,260 during the years ended December 31, 2020 and 2019, respectively.

**10. COMMITMENTS**

The Agency had entered into an agreement with several other entities to stimulate economic development through debt or equity investment in technology start-ups in Western New York. This was done through the Western New York Business Development Fund. The agreement called for the Agency to make a maximum commitment to fund investments in the amount of \$150,000. At December 31, 2020 and 2019, the Agency had funded a total of \$50,000. This was accomplished by the Agency loaning the funds to the Corporation, which in turn made investments in local businesses. The Corporation repaid the \$50,000 note to the Agency in 2020.

**11. COVID-19**

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Agency and its future results and financial position is not presently determinable.

**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**

March 27, 2020

To the Board of Directors of the  
Town of Amherst Industrial Development Agency

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 Town of Amherst Industrial Development Agency (the Agency), a discretely presented component unit of the Town of Amherst, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March XX, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 may exist that have not been identified.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency'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.

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY  
(A Discretely Presented Component Unit of the Town of Amherst, New York)

Schedule 1

Schedule of Financing Activity  
1979 - 2020

	Date Issued/Closed	Basis for Computing Administrative Fees
INDUSTRIAL DEVELOPMENT REVENUE BONDS	1979	\$ 2,090,000
	1980	10,599,000
	1981	4,030,000
	1982	5,375,000
	1983	4,305,000
	1984	24,809,665
	1985	28,593,000
	1986	20,565,250
	1987	26,520,200
	1988	50,173,000
	1989	31,270,000
	1990	17,217,000
	1991	28,473,300
	1992	13,541,452
	1993	20,697,393
	1994	19,381,125
	1995	16,700,291
	1996	45,622,164
	1997	67,256,562
	1998	34,667,822
	1999	58,229,176
	2000	81,840,506
	2001	31,662,263
	2002	20,975,000
	2003	<u>7,985,516</u>
Total industrial development revenue bonds		<u>672,579,685</u>
LEASE AGREEMENTS	1988	15,200,000
	1989	9,150,421
	1990	7,001,692
	1991	15,935,832
	1993	1,306,428
	1994	25,928,673
	1995	750,000
	1997	500,000
	1999	1,503,455
	2000	19,660,620
	2001	2,577,833
	2002	41,792,658
	2003	6,503,499
	2004	32,290,592
	2005	52,124,726
	2006	41,785,178
	2007	35,484,598
	2008	32,236,000
	2010	14,960,000
	2011	28,990,300
	2012	43,605,993
	2013	48,461,796
	2014	51,307,547
	2015	70,097,325
	2016	17,549,000
	2017	16,784,052
	2019	22,344,829
	2020	<u>17,314,352</u>
Total lease agreements		<u>673,147,399</u>

Schedule of Financing Activity  
1979 - 2020

	Date Issued/Closed	Basis for Computing Administrative Fees
SECOND MORTGAGE AGREEMENTS	1988	1,110,000
	1989	250,000
	1990	1,585,000
	1992	125,000
	1995	95,000
	1996	1,985,000
	1997	1,000,000
	2001	287,000
	2002	800,000
	2003	4,655,957
	2004	2,600,000
	2005	235,000
	2006	874,000
	2007	2,662,798
	2008	3,625,984
	2010	1,150,000
	2011	2,872,551
	2012	124,309
	2017	<u>500,000</u>
Total second mortgage agreements		<u>26,537,599</u>
THIRD MORTGAGE AGREEMENTS	2010	2,800,000
	2011	<u>700,000</u>
Total third mortgage agreements		<u>3,500,000</u>
MORTGAGE AND MODIFICATION TRANSACTIONS	2009	<u>250,000</u>
ASSIGNMENT OF LEASES	2002	5,048,750
	2004	17,029,930
	2005	13,861,726
	2006	10,500,000
	2007	12,967,258
	2012	3,800,000
	2013	6,005,000
	2016	23,073,623
	2019	11,100,000
	2020	<u>3,000,000</u>
Total assignment of leases		<u>106,386,287</u>
COLLATERAL MORTGAGES	1991	200,000
	1992	530,000
	1994	673,000
	1996	300,000
	2003	<u>1,576,915</u>
Total collateral mortgages		<u>3,279,915</u>
EQUIPMENT PURCHASE MORTGAGES	1994	1,850,000
	1995	<u>824,064</u>
Total equipment purchase mortgages		<u>2,674,064</u>

Schedule of Financing Activity  
1979 - 2020

	Date Issued/Closed	Basis for Computing Administrative Fees
LEASEHOLD IMPROVEMENTS	1994	<u>1,020,000</u>
INSTALLMENT SALES	1991	466,494
	1993	312,000
	1994	303,113
	1996	3,854,000
	1997	918,631
	1998	2,361,315
	2000	61,069,108
	2001	2,338,546
	2003	1,757,976
	2004	12,763,495
	2005	8,474,818
	2006	9,830,000
	2007	32,085,780
	2008	18,870,000
	2009	15,443,508
	2010	6,580,000
	2011	28,500,000
	2012	25,197,500
	2013	85,000,000
	2015	32,800,000
	2017	11,000,000
	2018	1,000,000
	2019	33,900,000
	2020	<u>1,100,000</u>
Total installment sales		<u>395,926,284</u>
ACQUISITIONS	1994	<u>2,865,700</u>
EXPANSIONS	1995	<u>1,300,000</u>
REFINANCING TRANSACTIONS	2001	8,600,000
	2002	960,000
	2003	559,750
	2004	5,491,750
	2005	26,384,367
	2006	20,327,894
	2007	24,808,265
	2008	34,860,000
	2009	5,380,779
	2012	7,380,737
	2013	1,495,802
	2014	2,611,953
	2015	28,844,297
	2017	200,000
	2019	<u>6,187,226</u>
Total refinancing transactions		<u>174,092,820</u>
TAX EXEMPT BONDS	2007	<u>14,860,000</u>
PROJECTS WITH PREDETERMINED FEES	2001	<u>46,121,000</u>
PROJECTS WITH PREDETERMINED FEES	2007	<u>866,686,576</u>
Total basis for computing administrative fee		<u>\$ 2,991,227,329</u>

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

Schedule 2

**Schedule of Detailed Financing Activity**  
**For the year ended December 31, 2020**

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	<u>Date</u> <u>Issued/Closed</u>	<u>Basis for</u> <u>Computing</u> <u>Administrative</u> <u>Fees</u>
LEASE AGREEMENTS:		
Willowbrook Hospitality, LLC/Uniland Development	2/20	\$ 11,714,352
6790 Main Street, LLC	8/20	<u>5,600,000</u>
INSTALLMENT SALES:		
Strategic Financial Solutions, Inc.	10/20	<u>1,100,000</u>
ASSIGNMENT OF LEASES:		
Uniland Development I, LLC - 40 Curtwright Drive	4/20	<u>3,000,000</u>
Total 2020 Projects		<u>\$ 21,414,352</u>

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of**  
**Amherst, New York)**

**Financial Statements as of**  
**December 31, 2020 and 2019**  
**Together with Independent**  
**Auditor's Report**

**Bonadio & Co., LLP**  
**Certified Public Accountants**

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of Amherst, New York)**

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**December 31, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

March XX, 2021

To the Board of Directors of the  
Town of Amherst Development Corporation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Town of Amherst Development Corporation (the Corporation) (a New York not-for-profit corporation and blended component unit of the Town of Amherst, New York), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Corporation'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 audits. We conducted our audits 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 XX, 2021** on our consideration of the Corporation'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 the Corporation'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 the Corporation's internal control over financial reporting and compliance.

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of Amherst, New York)**

**Management's Discussion and Analysis (Unaudited)**  
**(In Thousands)**

**December 31, 2020 and 2019**

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The following Management's Discussion and Analysis (MD&A) of the Town of Amherst Development Corporation's (the Corporation) financial position provides an overview of the Corporation's financial activities for the years ended December 31, 2020 and 2019. The MD&A should be read in conjunction with the Corporation's financial statements and related notes, which follow the MD&A.

**FINANCIAL HIGHLIGHTS**

- The assets of the Corporation exceeded its liabilities at December 31, 2020 and 2019 by \$40,188 and \$88,555, respectively.
- The Corporation's net position decreased by \$48,367 in 2020 and by \$9,277 in 2019, as a result of 2020 and 2019 operations.
- The Corporation's total revenue in 2020 was \$6,000. The Corporation did not have revenue in 2019.
- The Corporation's total expenses were \$54,367 and \$9,277 in 2020 and 2019, respectively.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The statement of net position and the statement of revenue, expenses, and change in net position report information about the Corporation as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Corporation's net position and changes in them from one year to the next. The Corporation's net position, the difference between assets and liabilities, is one way to measure the Corporation's financial health, or financial position. Over time, increases or decreases in the Corporation's net position are one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in the Corporation's fee income and the fluctuation of the Corporation's expenses, to assess the overall health of the Corporation.

**NOTES TO FINANCIAL STATEMENTS**

The financial statements also include notes that explain the information in the financial statements. They are essential to a full understanding of the data provided in the financial statements.

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of Amherst, New York)**

**Management's Discussion and Analysis (Unaudited)**

**(In Thousands)**

**December 31, 2020 and 2019**

**FINANCIAL ANALYSIS**

The analysis below summarizes the statements of net position (Table 1) and changes in net position (Table 2) of the Corporation as of and for the years ended December 31, 2020, 2019, and 2018.

**Table 1 - Statements of Net Position**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS:</b>			
Current assets	\$ 38	\$ 134	\$ 143
Investments	<u>5</u>	<u>5</u>	<u>5</u>
<b>Total assets</b>	<u>43</u>	<u>139</u>	<u>148</u>
<b>LIABILITIES:</b>			
Current liabilities	3	-	-
Long-term liabilities	<u>-</u>	<u>50</u>	<u>50</u>
<b>Total liabilities</b>	<u>3</u>	<u>50</u>	<u>50</u>
<b>NET POSITION:</b>			
Unrestricted	<u>40</u>	<u>89</u>	<u>98</u>
<b>Total net position</b>	<u>\$ 40</u>	<u>\$ 89</u>	<u>\$ 98</u>

The Corporation's entire net position is unrestricted and available to meet ongoing and future liabilities. The decrease in net position in 2020 was related to the Corporation paying management fees to the IDA for \$40,000. There was only \$1,000 in administrative fees revenue generated during the year. The decrease in overall net position from 2018 to 2019 is due to the Corporation incurring expenses but having no revenue-generating projects during the year.

Long-term liabilities for 2019 and 2018 consisted of the Corporation's note payable owed to the Amherst Industrial Development Agency. This was paid in full in 2020.

Overall, as of December 31, 2020, the Corporation reports a positive net position.

Table 2 shows the changes in net position for the years ended December 31, 2020, 2019, and 2018.

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of Amherst, New York)**

**Management's Discussion and Analysis (Unaudited)**

**(In Thousands)**

**December 31, 2020 and 2019**

**Table 2 - Changes in Net Position**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>REVENUES:</b>			
Administrative fees	\$ 1	\$ -	\$ 144
Federal aid	5	-	-
Transfer from related party	-	-	1
	<u>6</u>	<u>-</u>	<u>145</u>
<b>Total revenues</b>			
<b>EXPENSES:</b>			
Management fees to Town of Amherst IDA	40	-	-
Management and general	14	9	8
	<u>54</u>	<u>9</u>	<u>8</u>
<b>Total expenses</b>			
	<u>54</u>	<u>9</u>	<u>8</u>
<b>Change in net position</b>	<u>\$ (48)</u>	<u>\$ (9)</u>	<u>\$ 137</u>

Corporation revenues increased in 2020 compared to 2019 as a result of administrative fees earned on one refinancing and Federal Community Development Block Grant (CDBG) funding to be received from the Town of Amherst for an economic study being done of the Amherst area. Corporation revenues in 2019 decreased from 2018 due to a decrease in the level of refinancings in 2019 when compared with 2018.

The Corporation's expenses increased approximately \$45,000 in 2020 as a result of \$40,000 in management fees paid to the Town of Amherst IDA for personnel and office space used by the Corporation in 2020 and \$5,000 spent on an "Advance Amherst" study being performed of the area, to be reimbursed by the previously mentioned CDBG funding. The Corporation's expenses increased 14% from 2018 to 2019 as the Corporation contributed to the financing of the structural report for the Boiler House property at 404 Mill Street in 2019.

**FUTURE FACTORS**

The ADC's activity issuing tax-exempt debt continues to be sporadic and subject to interest rates and the growth at local colleges and universities. The impact of COVID-19 on borrowing and interest rates in the bond market are unknown at this point.

Efforts continue in leveraging the powers of the ADC to facilitate priority projects where the AIDA cannot perform the required task(s). The ADC was the probable vehicle to underwrite and administer a façade program under consideration in 2020 (delayed due to COVID-19). Additionally, it is envisioned that the ADC will become active in the areas of land acquisition and public infrastructure development as projects move forward at Amherst Central Park and other areas of the town including the Boiler House in Amherst State Park.

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of Amherst, New York)**

**Management's Discussion and Analysis (Unaudited)**

**(In Thousands)**

**December 31, 2020 and 2019**

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Prevailing Wage legislation at the State Level was enacted and its impact is unclear at this point as there are a number of carve outs for specific entities and tax credits. Previous analyses concluded that this requirement would add approximately 20-35% percent to the cost of an economic development project upstate, drive-up the cost of doing business in the state even higher, and thereby make the entire state less competitive.

**CONTACTING CORPORATION'S ADMINISTRATION**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Corporation's finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact the Town of Amherst Development Corporation, 4287 Main Street, Amherst, NY 14226.

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of Amherst, New York)**

**Statements of Net Position**  
**December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	\$ 32,688	\$ 133,555
Due from Town of Amherst	<u>5,000</u>	<u>-</u>
Total current assets	37,688	133,555
INVESTMENTS	<u>5,000</u>	<u>5,000</u>
Total assets	<u>42,688</u>	<u>138,555</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Accounts payable	<u>\$ 2,500</u>	<u>\$ -</u>
Total current liabilities	2,500	-
NOTE PAYABLE - Related party	<u>-</u>	<u>50,000</u>
Total liabilities	<u>2,500</u>	<u>50,000</u>
<b>NET POSITION</b>		
UNRESTRICTED	<u>40,188</u>	<u>88,555</u>
Total net position	<u>\$ 40,188</u>	<u>\$ 88,555</u>

The accompanying notes are an integral part of these statements.

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of Amherst, New York)**

**Statements of Revenues, Expenses, and Change in Net Position**  
**For the years ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUE:		
Administrative fees	\$ 1,000	\$ -
Federal aid	<u>5,000</u>	<u>-</u>
Total operating revenue	<u>6,000</u>	<u>-</u>
OPERATING EXPENSES:		
Management fees to Town of Amherst Industrial Development Agency	40,000	-
Management and general	<u>14,367</u>	<u>9,277</u>
Total operating expenses	<u>54,367</u>	<u>9,277</u>
OPERATING LOSS	<u>(48,367)</u>	<u>(9,277)</u>
CHANGE IN NET POSITION	(48,367)	(9,277)
NET POSITION - beginning of year	<u>88,555</u>	<u>97,832</u>
NET POSITION - end of year	<u>\$ 40,188</u>	<u>\$ 88,555</u>

The accompanying notes are an integral part of these statements.

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of Amherst, New York)**

**Statements of Cash Flows**

**For the years ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Cash received from administrative fees	\$ 1,000	\$ -
Cash paid for management fees	(40,000)	-
Cash paid for supporting services	<u>(11,867)</u>	<u>(9,277)</u>
Net cash flow from operating activities	<u>(50,867)</u>	<u>(9,277)</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Repayment of related party note payable	<u>(50,000)</u>	-
Net cash flow from noncapital financing activities	<u>(50,000)</u>	-
CHANGE IN CASH	(100,867)	(9,277)
CASH - beginning of year	<u>133,555</u>	<u>142,832</u>
CASH - end of year	<u>\$ 32,688</u>	<u>\$ 133,555</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Operating loss	\$ (48,367)	\$ (9,277)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Changes in:		
Due from Town of Amherst	(5,000)	-
Accounts payable	<u>2,500</u>	<u>-</u>
Net cash flow from operating activities	<u>\$ (50,867)</u>	<u>\$ (9,277)</u>

The accompanying notes are an integral part of these statements.



**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of Amherst, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019**

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**1. NATURE OF ACTIVITIES**

The Town of Amherst Development Corporation (the Corporation) was incorporated on May 23, 1977 under Section 402 of the Not-for-Profit Corporation Law to achieve the following lawful public and quasi-public objectives:

- Relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instruction or training individuals to improve or develop their capabilities for such jobs, carrying on scientific research for the purpose of aiding the Town of Amherst (the Town) by attracting new industry hereto and by encouraging the development or retention of industries in the Town and improving the economy and lessening the burdens of government and otherwise acting in the public interest, all within the Town;
- Construct, acquire, rehabilitate and improve for use by others, industrial or manufacturing plants within said Town where projects assisted by the Empire State Development Corporation are to be located, and to assist financially in such construction, acquisition, rehabilitation and improvement and to maintain such plant for others;
- To study and promote, alone or in concert with local officials and interested local groups, the economic growth and business prosperity of the Town and such other areas of Western New York as may relate to and affect the Town and further the solution of other civic problems of the Western New York region.

The Corporation is a blended component unit of the Town of Amherst, New York.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Corporation's financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

**Basis of Presentation**

GASB requires the classification of net position into three categories defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of Amherst, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019**

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- Restricted net position - This component of net position consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that do not meet the definition of "net investment in capital assets," or "restricted."

When both restricted and unrestricted resources are available for use for the same purpose, the Corporation uses restricted resources first and then unrestricted resources, as needed.

**Cash**

The Corporation's only cash as of December 31, 2020 and 2019 is classified as a demand deposit.

**Investments**

The Corporation, as part of its economic development mission, invests non-public source funds in equity securities for start-up companies. These investments do not have a readily available fair market value and therefore are valued at cost in these financial statements.

**Tax-Exempt Bonds**

The Corporation is authorized to act on the behalf of the Town for the primary purpose of issuing tax-exempt bonds. The Corporation charges an administrative fee for issuing such bonds that the Town of Amherst Industrial Development Agency (the Agency) would customarily charge. Such fees are recognized when earned and transferred to the Agency.

**Income Taxes**

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore, no provision for income taxes is reflected in the financial statements. The Corporation has been classified as a publicly supported organization that is a private foundation under Section 509(a) of the Code. The Corporation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Corporation has taken no uncertain tax positions that require adjustment in its financial statements.

However, the Corporation is classified as a private foundation and as such, is subject to a federal excise tax of 2% of net investment income. The Corporation did not have any net investment income for the years ended December 31, 2020 and 2019.

**Revenue Recognition**

Operating revenue consists of revenue from fees earned on new projects when bonds are issued, mortgages are issued or a refinancing occurs. The Corporation charges a fee of one half of 1% of the bond amount and an administrative fee. Fee income is recorded as revenue when the financing closes, regardless of when the related cash is received. Fee income received prior to closing is recorded as deferred revenue. Operating revenue in 2020 also consisted of Federal aid received to fund an economic study of the Amherst area. The Corporation defines non-operating revenue as interest earnings.

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of Amherst, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019**

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**Contributed Services**

The Corporation recognizes contributed services at their fair value if the services have value to the Corporation, are estimable and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant.

**3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

The Corporation funds must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state which have a branch office located within the Town. The Treasurer is authorized to use demand accounts and certificates of deposit.

Collateral is required for demand deposits and certificates of deposit at 102% of the amount of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are outlined in chapter 623 of the laws of the State of New York.

At December 31, 2020 and 2019, the reported amounts of the Corporation's deposits were \$32,688 and \$133,555, and the bank balances were \$32,738 and \$133,605, respectively. The bank balance was fully covered by federal depository insurance each year.

The Corporation, as part of its economic development mission, invests non-public source funds in equity securities for start-up companies. These investments do not have a readily available fair market value and therefore are valued at cost.

**4. RELATED PARTY TRANSACTIONS**

The Corporation is related to the Agency through members of its Board of Directors. At December 31, 2019, the Corporation had a \$50,000 non-interest bearing note payable to the Agency. In December 2019, the Board of Directors approved the repayment of this note to the Agency, and the payment was made in full in April 2020.

In addition, the Agency provides office space and personnel at a cost to the Corporation. The Corporation reimburses the Agency for the use of office space and personnel through its management fee. For the year ended December 31, 2020, the Corporation paid \$40,000 to the Agency for this purpose. During the year ended December 31, 2019, the Corporation did not transfer any amount to the Agency, as the Corporation did not have any revenue-generating projects during the year.

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of Amherst, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019**

**5. NOTE PAYABLE**

As mentioned previously, the Corporation had a \$50,000 non-interest bearing note payable to the Agency at December 31, 2019. There was no stated maturity date for this note; however, the Corporation paid this note in full to the Agency in 2020.

The following summarizes note payable activity for the year ended December 31, 2020:

	Balance <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	Due Within <u>One Year</u>	Due After One <u>Year</u>
Note Payable	\$ 50,000	\$ -	\$ (50,000)	\$ -	\$ -

The following summarizes note payable activity for the year ended December 31, 2019:

	Balance <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	Due Within <u>One Year</u>	Due After One <u>Year</u>
Note Payable	\$ 50,000	\$ -	\$ -	\$ 50,000	\$ -

**6. CONDUIT DEBT**

The Corporation has issued revenue bonds on behalf of various organizations who are third-party obligors of the debt. Each of these revenue bonds will be solely paid back by the obligor and is only being disclosed as conduit debt by the Corporation, as the Corporation has no obligations to make payments on this debt.

The aggregate principal amounts outstanding as of December 31 for conduit debt issued by the Corporation are as follows:

<u>Project Name</u>	<u>Issued Date</u>	<u>2020</u>	<u>2019</u>
UBF Faculty Student Housing	August 2010	\$ 18,075,000	\$ 18,825,000
Asbury Pointe, Inc.	December 2011	6,410,000	6,410,000
YMCA Buffalo Niagara	December 2011	11,998,110	12,850,261
Creekside Village/Flint Village East	June 2012	25,875,000	26,715,000
Asbury Point, Inc.	July 2013	2,994,061	3,305,225
Beechwood Health Care Center, Inc.	September 2017	6,930,000	7,678,750
UBF Faculty Student Housing	October 2017	58,420,000	60,725,000
Summit Center, Inc.	December 2017	5,309,766	5,524,840
Daemen College	May 2018	27,675,000	28,145,000
		<u>\$163,686,937</u>	<u>\$170,179,076</u>

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of Amherst, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2020 and 2019**

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**7. COVID-19**

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID - 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The future impact of this situation on the Corporation and its results and financial position is not presently determinable.

**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***

March XX, 2021

To the Board of Directors of the  
Town of Amherst Development Corporation

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 Town of Amherst Development Corporation (the Corporation), a blended component unit of the Town of Amherst, New York, for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated **March XX, 2021**.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation'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.

**TOWN OF AMHERST  
INDUSTRIAL DEVELOPMENT AGENCY  
(A Discretely Presented Component Unit  
of the Town of Amherst, New York)**

**Communication of Matters Related to Internal Control  
Over Financial Reporting and Other Matters  
March 2021**

*Draft - Subject to Change*



March 2021

To the Board of Directors of the  
Town of Amherst Industrial Development Agency:

In planning and performing our audit of the financial statements of the Town of Amherst Industrial Development Agency (the Agency) as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing auditing 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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of management, the Board of Directors, the Audit Committee, and others within the Agency and is not intended to be and should not be used by anyone other than these specified parties.

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the Town of Amherst, New York)**

**COMMUNICATION OF MATTERS RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
OTHER MATTERS**  
**MARCH 2021**

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**OTHER MATTERS FOR THE CONSIDERATION OF MANAGEMENT**

**1. SHARED SERVICES AGREEMENT**

**Observation**

Per the shared services agreement between the Agency and the Town of Amherst Development Corporation (the Corporation), the Agency provides administrative and staffing services to the Corporation. The Agency is required to provide an invoice to the Corporation for these services. The agreement does not specify an exact amount or formula for calculating the amount to be invoiced.

**Recommendation**

We recommend that the Agency develop a mechanism to track time spent by employees on Corporation projects to provide support for invoicing the Corporation based on actual employee time spent. This will ensure that the Corporation expenses accurately reflect the value of administrative services provided by the Agency, since this represents a cost that the Corporation would need to incur if this agreement was not in place.

**2. POSTING REPORTS ON PUBLIC AUTHORITY'S WEBSITE**

**Observation**

In accordance with Section 2800 of Public Authorities Law, Authorities are required to post their most recent annual reports and financial statements, budget reports, audit reports, and any other reports provided to the authorities budget office on their own website. During our audit procedures, we noted that the most recent versions of the mission statement and performance measures report and annual report were not available on the Agency's website.

**Recommendation**

We recommend that the Agency ensures that the most recent version of each required report is uploaded to the Agency's website in a timely manner.

**TOWN OF AMHERST  
DEVELOPMENT CORPORATION  
(A Blended Component Unit  
of the Town of Amherst, New York)**

**Communication of Matters Related to Internal Control  
Over Financial Reporting and Other Matters  
March 2021**

*Draft - Subject to Change*

March 2021

To the Board of Directors of the  
Town of Amherst Development Corporation:

In planning and performing our audit of the financial statements of the Town of Amherst Development Corporation (the Corporation) as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing auditing 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 the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of management, the Board of Directors, the Audit Committee, and others within the Corporation and is not intended to be and should not be used by anyone other than these specified parties.

**TOWN OF AMHERST DEVELOPMENT CORPORATION**  
**(A Blended Component Unit of the Town of Amherst, New York)**

**COMMUNICATION OF MATTERS RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
OTHER MATTERS**  
**MARCH 2021**

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**OTHER MATTERS FOR THE CONSIDERATION OF MANAGEMENT**

**1. POLICIES**

**Observation**

We noted that the Corporation's policies refer to the Town of Amherst Industrial Development Agency within the documentation.

**Recommendation**

We recommend new policies be adopted that clearly delineate the policies are applicable to the Corporation.