Please refer to page 27 for the Report of Independent Auditors 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*.

New York City Industrial Development Agency

(a component unit of the City of New York)

Financial Statements and Required Supplementary Information

Years Ended June 30, 2021 and 2020
With Reports of Independent Auditors

New York City Industrial Development Agency

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Financial Statements and Required Supplementary Information

Years Ended June 30, 2021 and 2020

Contents

I. Financial Section

II. *Government Auditing Standards* Section

I. Financial Section

Building a better working world

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Report of Independent Auditors

The Management and the Board of Directors
New York City Industrial Development Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the New York City Industrial Development Agency (the Agency), a component unit of The City of New York, as of and for the years ended June 30, 2021 and 2020, 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 conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 of 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 opinions.

Building a better working world

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Agency as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

Adoption of New Accounting Pronouncements

As discussed in Note 2 to the financial statements, the Agency restated its financial statements as of and for the year ended June 30, 2020 to reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities,* and GASB Statement No. 91, *Conduit Debt Obligations*. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis, as listed in the table of contents, 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 which 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, 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 audits 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 also have issued our report dated September 30, 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, 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 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.

Ernst & Young LLP

September 30, 2021

This section of the New York City Industrial Development Agency's (IDA or the Agency) annual financial report presents our discussion and analysis of financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the financial statements and accompanying notes, which follow this section.

2021 Financial Highlights

- Current assets decreased $5.1 million (or 21%)
- Non-current assets increased $13.7 million (or 100%)
- Current liabilities increased $0.8 million (or 22%)
- Operating revenues increased $8.2 million (or 128%)
- Operating income increased $8.2 million (or 437%)
- Non-operating expenses, net, decreased $1.5 million (or 40%)
- Change in net position was $7.8 million in fiscal year 2021, as compared to ($1.9) million in fiscal year 2020

Overview of the Financial Statements

This annual financial report consists of two parts: Management's Discussion and Analysis (this section), and the basic financial statements. IDA is considered a component unit of the City of New York (the City) for financial reporting purposes and is a public benefit corporation established by the laws of the State of New York (the State). IDA was established in 1974 to actively promote, retain, attract, encourage, and develop an economically sound commerce and industry base to prevent unemployment and economic deterioration in the City.

IDA is a self-supporting entity and follows enterprise fund reporting. Enterprise fund statements offer short-term and long-term financial information about the Agency's activities.

Financial Analysis of the Business-Type Activities of the Agency

Net Position – The following table summarizes IDA's financial position at June 30, 2021, 2020 and 2019 and the percentage change between June 30, 2021, 2020, and 2019 (dollars in thousands):

				% Change	
	2021	**2020 ***	**2019 ***	**2021–2020**	**2020–2019**
Current assets	**$ 18,668**	$ 23,766	$ 20,231	**(21)%**	17%
Non-current assets	**13,729**	–	6,623	–	(100)
Total assets	**32,397**	23,766	26,854	**36**	(12)
Current liabilities	**4,641**	3,796	5,034	**22**	(25)
Total liabilities	**4,641**	3,796	5,034	**22**	(25)
Total net position	**$ 27,756**	$ 19,970	$ 21,820	**39**	(8)

**Restated for GASB No. 91 implementation – please see Note 2.*

Fiscal Year 2021 Activities

Total assets increased by $8.6 million or 36% mainly due to cash received associated with the refunding bond closings of Yankee Stadium, LLC in the amount of $7.7 million and Queens Baseball Stadium in the amount of $4.6 million. This increase was offset by NYCEDC's management fee of $4.4 million. Of the Agency's total assets, non-current assets increased by $13.7 million or 100% due to the cash from maturities of current investments being reinvested into long-term securities.

Total current liabilities increased by $0.8 million or 22% mainly due to an increase in due to NYCEDC of $0.4 million for special project costs and an increase in unearned revenues of $0.4 million related to cash collections on prepaid fees.

Fiscal Year 2020 Activities

Current assets increased by $3.5 million or 17% mainly due to the increase in cash and fees receivable of $4.1 million associated with the industrial incentive closings for 345 PAS Holding LLC and 45-18 Court Square Owner, LLC during fiscal year 2020.

Total current liabilities decreased by $1.2 million or 25% mainly due to a decrease in accrued expenses of $0.7 million and due to NYCEDC of $0.4 million.

Operating Activities

The Agency assists industrial and commercial participants through a "straight lease" transactional structure which provides tax benefits to participants to incentivize the acquisition and capital improvement of their facilities. Apart from the issuance of bonds to refund governmental bonds (including bonds for Yankee Stadium, LLC and Queens Baseball Stadium), the Agency has chosen not to issue new bonds. In addition to the issuance of tax-exempt and taxable bonds for certain transactions, the Agency may provide one or more of the following tax benefits: partial exemption from mortgage recording tax; payments in lieu of real property taxes (PILOT) that are less than full taxes; and exemption from City and State sales and use taxes as applied to construction materials and machinery and equipment. During the year ended June 30, 2021, IDA closed on two tax-exempt bond issues; during the year ended June 30, 2020, IDA did not issue any tax-exempt bonds.

The Agency charges various program fees, including application fees, financing fees, legal fees, and compliance fees. In certain circumstances, the Agency may also charge servicing fees on any recapture of benefits from companies defaulting on their compliance requirements for IDA benefits.

Operating Activities (continued)

The following table summarizes IDA's changes in net position for fiscal years 2021, 2020 and 2019 and the percentage change between June 30, 2021, 2020 and 2019 (dollars in thousands):

	2021	2020 *	2019 *	% Change 2021–2020	% Change 2020–2019
Operating revenues:					
Fee income	**$ 14,082**	$ 6,346	$ 2,442	**122%**	160%
Other income	**527**	62	393	**750**	(84)
Total operating revenues	**14,609**	6,408	2,835	**128**	126
Operating expenses:					
Management fees	**4,400**	4,400	4,356	–	1
Other expenses	**193**	143	200	**35**	(29)
Total operating expenses	**4,593**	4,543	4,556	**1**	–
Operating income (loss)	**10,016**	1,865	(1,721)	**437**	208
Non-operating (expenses) revenues:					
Earnings on investments	**(1)**	337	548	**(100)**	(39)
Special project costs	**(2,229)**	(4,052)	(3,665)	**(45)**	11
Termination of security interest	–	–	(10,450)	–	(100)
Total non-operating expenses, net	**(2,230)**	(3,715)	(13,567)	**(40)**	(73)
Change in net position	**7,786**	(1,850)	(15,288)	**521**	88
Beginning net position	**19,970**	21,820	37,108	**(9)**	(41)
Ending net position	**$ 27,756**	$ 19,970	$ 21,820	**39**	(8)

**Restated for GASB No. 91 implementation – please see Note 2.*

Fiscal Year 2021 Activities

The Agency's net position increased by $7.8 million or 39% largely due to the project finance fees recognized from the refunding bond closings related to Yankee Stadium, LLC of $7.7 million and Queens Baseball Stadium of $4.6 million during fiscal year 2021. This increase was offset by the normal operating expenses of $4.6 million during fiscal year 2021.

Operating income increased by $8.2 million or 437% during fiscal year 2021 due to the following: (1) an increase of $7.7 million in project finance fees and (2) an increase in recapture income of $0.5 million.

Fiscal Year 2021 Activities (continued)

Special project costs decreased overall by $1.8 million or 45% during fiscal year 2021, largely as a result of a decrease of $1.4 million in costs related to the LifeSci NYC and Cyber NYC projects and by an overall decrease of $0.4 million in other special project costs.

Fiscal Year 2020 Activities

Despite the World Health Organization declaring the coronavirus (COVID-19) outbreak a pandemic in March 2020, the Agency's operations were not significantly impacted.

The Agency's net position decreased by $1.9 million or 8% largely due to special project costs of $4.1 million which included expenditures for projects relating to LifeSci NYC, Cyber NYC and Workforce One Industrial and Transportation Career Center Satellites.

Fee income increased by $3.9 million or 160% primarily as a result of $3.6 million earned in project finance fees from the 345 PAS Holding LLC and 45-18 Court Square Owner, LLC industrial incentive closings during fiscal year 2020.

Other operating income decreased by $0.3 million or 84%. This is a result of a general decrease in income from benefit recapture events during fiscal year 2020.

Operating income increased by $3.6 million or 208% during fiscal year 2020 due to the following: (1) an increase of $3.9 million in project finance fees, of which $3.6 million is related to the 345 PAS Holding LLC and 418 Court Square Owner, LLC closings and (2) an offsetting decrease in recapture income of $0.3 million.

Special project costs increased overall by $0.4 million or 11% during fiscal year 2020, largely as a result of $1.9 million in costs related to the LifeSci NYC and Cyber NYC projects. This increase was offset by a decrease of $1.5 million in various other special project costs.

Contacting the Agency's Financial Management

This financial report is designed to provide our customers, clients, creditors, and the public with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer, New York City Industrial Development Agency, One Liberty Plaza, New York, NY 10006.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Net Position
(In Thousands)

	June 30 2021	June 30 2020 As Restated*
Assets		
Current assets:		
Cash and cash equivalents *(Note 3)*	**$ 15,337**	$ 5,699
Investments *(Note 3)*	**101**	13,792
Restricted cash	**3,056**	3,051
Fees receivable, net of allowance for doubtful accounts of $39 and $72, respectively	**174**	1,224
Total current assets	**18,668**	23,766
Non-current assets:		
Investments *(Note 3)*	**13,729**	–
Total non-current assets	**13,729**	–
Total assets	**32,397**	23,766
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	**177**	140
Due to New York City Economic Development Corporation	**587**	174
Unearned revenues	**821**	431
Other liabilities	**3,056**	3,051
Total current liabilities	**4,641**	3,796
Total liabilities	**4,641**	3,796
Net position – unrestricted	**$ 27,756**	$ 19,970

See accompanying notes.

**Restated for GASB No. 91 implementation – please see Note 2.*

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Revenues, Expenses, and Changes in Net Position

(In Thousands)

	Year Ended June 30 2021	Year Ended June 30 2020 As Restated*
Operating revenues:		
Fee income *(Note 2)*	**$ 14,082**	$ 6,346
Recapture and other related benefits *(Note 2)*	**510**	36
Other income *(Note 2)*	**17**	26
Total operating revenues	**14,609**	6,408
Operating expenses:		
Management fees *(Note 4)*	**4,400**	4,400
Other expenses	**193**	143
Total operating expenses	**4,593**	4,543
Operating income	**10,016**	1,865
Non-operating revenues (expenses):		
Investment (loss) income	**(1)**	337
Special project costs *(Note 5)*	**(2,229)**	(4,052)
Total non-operating expenses, net	**(2,230)**	(3,715)
Change in net position	**7,786**	(1,850)
Net position, unrestricted, beginning of year	**19,970**	21,820
Net position, unrestricted, end of year	**$ 27,756**	$ 19,970

See accompanying notes.

**Restated for GASB No. 91 implementation – please see Note 2.*

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Cash Flows
(In Thousands)

	Year Ended June 30 2021	Year Ended June 30 2020 As Restated*
Cash flows from operating activities		
Financing and other fees	**$ 15,533**	$ 5,162
Other income	**9**	26
Management fees paid	**(4,400)**	(4,400)
Accounting fees paid	**(68)**	(66)
Public hearing fees paid	**(16)**	(18)
Marketing fees paid	–	(4)
Miscellaneous expenses paid	–	(3)
Return of funds held pending compliance with agreements	–	(48)
Recapture benefits and other penalties received	**1,831**	2,146
Payment to NYC and other agencies of recaptured benefits	**(1,320)**	(2,109)
Payment to EDC for contingency fees	**(71)**	(1)
Net cash provided by operating activities	**11,498**	685
Cash flows from investing activities		
Sale of investments	**20,701**	35,089
Purchase of investments	**(20,748)**	(27,789)
Interest income	**9**	179
Net cash (used in) provided by investing activities	**(38)**	7,479
Cash flows from non-capital financing activities		
Special project costs paid	**(1,817)**	(5,124)
Net cash used in non-capital financing activities	**(1,817)**	(5,124)
Net increase in cash and cash equivalents	**9,643**	3,040
Cash and cash equivalents at beginning of year	**8,750**	5,710
Cash and cash equivalents at end of year	**$ 18,393**	$ 8,750

**Restated for GASB No. 91 implementation – please see Note 2.*

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Cash Flows (continued)
(In Thousands)

	Year Ended June 30	
	2021	**2020 As Restated***
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 10,016**	$ 1,865
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Recovery) provision for bad debt	**(8)**	57
Changes in operating assets and liabilities:		
Fees receivable	**1,058**	(1,071)
Accounts payable and accrued expenses	**37**	(1)
Due to NYC Economic Development Corp.	**–**	(4)
Other liabilities	**5**	(48)
Unearned revenues	**390**	(113)
Net cash provided by operating activities	**$ 11,498**	$ 685
Supplemental disclosures of non-cash activities		
Unrealized (loss) gain on investments	**$ (20)**	$ 20

See accompanying notes.

**Restated for GASB No. 91 implementation – please see Note 2.*

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Fiduciary Net Position

(In Thousands)

	Custodial Funds June 30 2021	Custodial Funds June 30 2020
Assets		
Cash and cash equivalents	**$ 5,201**	$ 561
Total assets	**5,201**	561
Liabilities		
PILOT payable	**5,201**	561
Total liabilities	**5,201**	561
Net position – restricted	**$ –**	$ –

See accompanying notes.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Changes in Fiduciary Net Position
(In Thousands)

	Custodial Funds Year Ended June 30	
	2021	**2020**
Additions		
PILOT collections	**$ 41,941**	$ 30,393
Total additions	**41,941**	30,393
Deductions		
PILOT payments disbursed	**36,740**	29,832
PILOT payments pending disbursement	**5,201**	561
Total deductions	**41,941**	30,393
Net increase in fiduciary net position	**–**	–
Net position – beginning of year	**–**	–
Net position – end of year	**$ –**	$ –

See accompanying notes.

1. Background and Organization

The New York City Industrial Development Agency (IDA or the Agency), a component unit of the City of New York (the City) for financial reporting purposes, is a public benefit corporation of the State of New York (the State). IDA was established in 1974 to actively promote, retain, attract, encourage, and develop an economically sound commerce and industry base to prevent unemployment and economic deterioration in the City.

The Agency is governed by a Board of Directors, which establishes official policies and reviews and approves applications for financial assistance. Its membership is prescribed by statute and includes a public official and mayoral appointees. Five of the mayoral appointees are appointed by the Mayor after nominations by the City's five Borough Presidents.

To support the activities of the Board of Directors, the Agency annually enters into a contract with the New York City Economic Development Corporation (NYCEDC), a not-for-profit corporation and a component unit of the City, organized to administer economic development programs which foster business expansion in the City. Under the terms set forth in the contract between NYCEDC and IDA, NYCEDC is to provide IDA with all the professional, administrative, and technical assistance it needs to accomplish its objectives.

The Agency assists industrial and commercial organizations primarily through "straight lease" transactional structures. The straight lease provides tax benefits to the participating organizations (the Project Companies) to incentivize the acquisition and capital improvement of facilities that they own or occupy. The Agency may also assist Project Companies with long-term, low-cost financing for capital assets through a financing transaction (the Financing Transaction), which includes the issuance of double and triple tax-exempt private activity bonds (PABs). However, apart from the issuance of bonds to refund governmental bonds (including bonds for Yankee Stadium, LLC and Queens Baseball Stadium), the Agency has chosen not to issue new bonds. The Project Companies, in addition to satisfying legal requirements under the Agency's governing laws, must meet certain economic development criteria. In addition to the issuance of tax-exempt and taxable bonds for certain transactions, the Agency may provide one or more of the following tax benefits: partial exemption from mortgage recording tax; payments in lieu of real property taxes (PILOT) that are less than full taxes; and exemption from City and State sales and use taxes as applied to construction materials and machinery and equipment. For more detailed information, please refer to the following website: https://www.edc.nyc/nycida/financial-public-documents.

1. Background and Organization (continued)

In the past, the Agency issued PABs. The PABs are special non-recourse conduit debt obligations of the Agency which are payable solely from the rents and revenues provided for in the lease (Financing Lease) to the Project Company. The PABs are secured by a collateral interest in the Financing Lease, the Project Company's project property and, in certain circumstances, by guarantees from the beneficiary's principals or affiliates or other forms of additional security. Both the PABs and certain provisions of the Financing Lease are administered by an independent bond trustee appointed by the Agency.

When the Agency issues PABs, the proceeds of the PAB financing are conveyed to an independent bond trustee for disbursement to the Project Company. The Project Company leases the project or other collateral to the Agency for a nominal sum and the Agency, in turn, leases the property or other collateral back to the Project Company for a period concurrent with the maturity of the related PAB or the term of the tax benefits. Rental payments are calculated to be sufficient to meet the debt service obligation on the PAB. The Financing Lease includes a termination option, which allows the Project Company to cancel the Financing Lease for a nominal sum after satisfaction of all terms thereof.

The total governmental and PAB debt obligations outstanding totaled $2.42 billion and $2.41 billion for the years ended June 30, 2021 and 2020, respectively. For more detailed information, please refer to the following website: https://www.edc.nyc/nycida/financial-public-documents.

Due to the fact that: (1) the PABs are non-recourse conduit debt obligations to the Agency, (2) the Agency assigns its interest in the Financing Lease as collateral, and (3) the Agency has no substantive obligations under the Financing Lease (other than to convey back the project property at the end of the PAB term), the Agency has, in effect, none of the risks and rewards of the Financing Lease and related PAB financing. Accordingly, with the exception of certain fees derived from the Financing Transaction, the Financing Transaction itself is given no accounting recognition in the accompanying financial statements.

In addition to PAB financing, the Agency also issued governmental Tax-Exempt PILOT Revenue Bonds and Taxable Rental Revenue Bonds, Taxable Installment Purchase Bonds and Taxable Lease Revenue Bonds in connection with the construction of the new Yankee Stadium and Citi Field (the Stadia Projects). Yankee Stadium, LLC, a Delaware limited liability company, and Queens Ballpark, LLC, a New York limited liability company, undertook the design, development,

1. Background and Organization (continued)

acquisition, and construction of the Stadia Projects. The Taxable Bonds are special limited obligations of the Agency and are payable solely from revenues derived from a Lease Agreement with Yankee Stadium, LLC and a Lease Agreement and Installment Sales Agreement with Queens Ballpark Company, LLC.

The governmental Tax-Exempt PILOT Bonds are special limited obligations of the Agency payable solely from PILOT revenues derived from PILOTs made by Yankee Stadium, LLC and Queens Ballpark Company, LLC. However, since the Tax-Exempt PILOT Bonds were issued to finance the construction of the Stadia and because the Agency is the legal owner of the Stadia, the Tax-Exempt PILOT Bonds had been recorded in the Agency's books and were reflected in its financial statements. The Agency adopted GASB Statement No. 91, *Conduit Debt Obligations*, as of July 1, 2019 and, as a result, the Tax-Exempt PILOT Bonds were removed from the Agency's financial statements, as further described in Note 2. In addition, no commitments beyond the payments from the PILOT revenues were extended by the Agency for any of these bonds. At June 30, 2021, the PILOT Bonds have an aggregate outstanding principal amount payable of $1.62 billion.

2. Summary of Significant Accounting Policies

Basis of Accounting

IDA is classified as an "enterprise fund," as defined by the Governmental Accounting Standards Board (GASB) and, as such, the financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the U.S. (GAAP).

In accordance with GAAP, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

Cash Equivalents

The Agency considers all highly liquid investments purchased with original maturities of 90 days or less to be cash equivalents.

Investments

Investments held by the Agency are recorded at fair value.

2. Summary of Significant Accounting Policies (continued)

Upcoming Accounting Pronouncements

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative* Guidance (GASB 95). The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this statement are effective immediately. The Agency adopted this standard and will delay implementation of certain GASB statements covered by GASB 95 until their new respective effective dates.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. With the adoption of GASB 95, provisions of this statement are effective for fiscal years beginning after June 15, 2021. The Agency is evaluating the impact this standard will have on its financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020.* The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. Paragraphs 4, 5, 11 and 13 were effective immediately upon issuance of this statement and did not have a significant impact to the Agency's financial statements. With the adoption of GASB 95, provisions of this statement, other than those stated in paragraphs 4, 5, 11 and 13, are effective for fiscal years beginning after June 15, 2021. The Agency is evaluating the impact this standard will have on its financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to address financial reporting implications that result from the replacement of the interbank offered rate (IBOR). With the adoption of GASB 95, the requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Agency is evaluating the impact this standard will have on its financial statements.

2. Summary of Significant Accounting Policies (continued)

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Agency is evaluating the impact this standard will have on its financial statements.

Impact of New Accounting Standard Adopted

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB 84). The primary objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The adoption of this standard by the Agency on July 1, 2019 resulted in the identification of three previously unreported PILOT trust accounts now being reported as fiduciary activity. The Agency collects PILOT pursuant to the lease agreements between the Agency and its various lessees on behalf of the City of New York and recognizes an offsetting liability payable to the City of New York when the funds are received. Accordingly, there is no cumulative effect resulting from the adoption of GASB 84. The PILOT trust accounts, designated as custodial funds, are presented under the statement of fiduciary net position and corresponding additions and deductions are presented under the statement of changes in fiduciary net position.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures.

2. Summary of Significant Accounting Policies (continued)

As a result of adopting this pronouncement, the Agency's statement of net position as of June 30, 2020, the statement of revenues, expenses, and changes in net position, and the statement of cash flows for the year ended June 30, 2020 have been restated to reflect the required adjustments (dollars in thousands).

	As Previously Reported	Adjustment	As Restated
As of June 30, 2020:			
Statement of Net Position:			
Current PILOT lease receivable, net – Stadia Projects	$ 29,296	$ (29,296)	$ –
Restricted cash and cash equivalents – Stadia Projects	98,138	(98,138)	–
Restricted investments – Stadia Projects	18,598	(18,598)	–
Non-current PILOT lease receivable, net – Stadia Projects	1,607,191	(1,607,191)	–
Total assets	1,776,989	(1,753,223)	23,766
Deferred outflow of resources – derivative instrument – interest rate swap	11,849	(11,849)	–
Bonds payable – current – Stadia Projects	29,296	(29,296)	–
Interest payable on bonds – Stadia Projects	151,639	(151,639)	–
Bonds payable, net – Stadia Projects	1,572,288	(1,572,288)	–
Derivative instrument – interest rate swap	11,849	(11,849)	–
Total liabilities	1,768,868	(1,765,072)	3,796
For the year ended June 30, 2020:			
Statement of Revenues, Expenses and Changes in Net Position:			
PILOT lease income – Stadia Projects	$ 89,852	$ (89,852)	$ –
PILOT investment income – Stadia Projects	1,995	(1,995)	–
Bond interest expense – Stadia Projects	(91,847)	91,847	–
Statement of Cash Flows			
Cash flows from investing activities			
Sale of investments	$ 130,711	$ (95,622)	$ 35,089
Purchase of investments	(53,486)	25,697	(27,789)
Net receipts from investment agreement termination	15	(15)	–
Investment income	1,995	(1,995)	–
Cash flows from capital and related financing activities			
Interest payments on outstanding bonds	(78,291)	78,291	–
Bond principal redemption	(35,075)	35,075	–
Swap payments received	3,851	(3,851)	–
Swap payments made	(5,905)	5,905	–
Bond fees	(3,371)	3,371	–
PILOT revenue	115,985	(115,985)	–
Cash and cash equivalents at beginning of year	34,719	(29,009)	5,710
Net increase (decrease) in cash	72,169	(69,129)	3,040
Cash and cash equivalents at end of year	106,888	(98,138)	8,750

2. Summary of Significant Accounting Policies (continued)

Revenue and Expense Classification

Operating revenues consist of fee income from application fees, financing fees and compliance monitoring fees. Fees are recognized as earned. Compliance monitoring fees are received annually, in advance and deferred and amortized into income as earned.

Other operating income represents administrative fees and amounts, primarily penalties, associated with the recapture of IDA benefits remitted by certain beneficiaries. Recaptured IDA benefits represent the difference between the full tax amount and the amounts actually paid by beneficiaries and result from a beneficiary's violation of an IDA agreement.

Recaptured benefits were recorded net of amounts due to the City and the State. The related recapture benefits that were due to the City were recorded as other liabilities until such time as they were disbursed to the City. For the year ended June 30, 2021, IDA remitted $1.3 million to the City and State relating to recapture benefits, of which approximately $1.3 million was for the City. For the year ended June 30, 2020, IDA remitted $2.1 million to the City and State relating to recapture benefits, of which $0.3 million was for the City. IDA's operating expenses include management fees and other administrative expenses. All other revenues and expenses not described above are considered non-operating.

Fiduciary Fund Statements

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position provide information on the Agency's fiduciary activities in Custodial Funds. The Custodial Funds report assets held by the Agency on behalf of the City of New York. The Agency collects PILOT pursuant to the lease agreements between the Agency and its various lessees on behalf of the City of New York and recognizes an offsetting liability payable to the City of New York when the funds are received.

Reclassifications

Certain reclassifications to other expenses have been adjusted in the prior year financial statements to conform to the current year's presentation.

3. Deposits and Investments

Deposits

At year-end, IDA's unrestricted bank balance was approximately $15.1 million. Of this amount, $250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and $14.8 million was collateralized with securities held by the pledging financial institution.

Investments

As of June 30, 2021 and 2020, the Agency had the following unrestricted investments (in thousands). Investments maturities are shown for June 30, 2021 only.

	Fair Value		2021 Investment Maturities (in Years)	
	2021	**2020**	**Less Than 1**	**Greater than 1**
Money Market	**$ 231**	$ 278	**$ 231**	$ –
Federal Home Loan Bank Notes	–	3,699	–	–
Federal Farm Credit Bank Notes	**13,729**	–	–	**13,729**
U.S. Treasuries	–	9,993	–	–
Certificates of Deposit (over 90 days)	**101**	100	**101**	–
Total	**14,061**	14,070	**$ 332**	**$ 13,729**
Less: cash equivalents	**(231)**	(278)		
Total unrestricted investments	**$ 13,830**	$ 13,792		

Fair Value Measurement – The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into these levels. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The Money Market Funds, categorized as Level 1, are valued at the unadjusted prices quoted in active principal markets for identical assets. U.S. Treasury and U.S. Agency securities, categorized as Level 2, are valued based on models using observable inputs. Certificates of deposit are valued at cost.

3. Deposits and Investments (continued)

IDA's investment policy permits the Agency to invest in obligations of the United States, where the payment of principal and interest is guaranteed, or in obligations guaranteed by agencies of the United States. Other investments include certificates of deposit. All investments are either insured or registered and held by the Agency or its agent in the Agency's name.

Interest Rate Risk: The Agency has a formal investment policy which limits investment maturities to a maximum of two years from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates. In an attempt to maximize yields on limited offerings, as of June 30, 2021, $3.2 million of investments in Federal Farm Credit Bank notes purchased on June 14, 2021 mature on September 15, 2023.

Credit Risk: It is the Agency's policy to limit its investments in debt securities to obligations of the United States and its agencies, and obligations of the State of New York. As of June 30, 2021, the Agency's investments in Federal Farm Credit Bank were rated AA+ by Standard & Poor's, Aaa by Moody's Investor Services, Inc. and AAA by Fitch Ratings.

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured or not registered in the name of the Agency and are held by either the counterparty or the counterparty's trust department or agent, but not in the Agency's name.

The Agency manages credit risk by limiting its custodial exposure to highly rated institutions and/or requiring high quality collateral to be held by the counterparty in the name of the Agency.

Concentration of Credit Risk: The Agency places no limit on the amount the Agency may invest in any United States government backed securities. The following table shows investments that represent 5% or more of total investments (dollars in thousands):

	Dollar Amount and Percentage of Total Investments			
Issuer	**June 30, 2021**		**June 30, 2020**	
Federal Home Loan Bank	$ –	–%	$ 3,699	26.82%
U.S. Treasuries	–	–	9,993	72.46
Federal Farm Credit Bank	**13,729**	**99.27**	–	–

4. Management Fees and Other Charges

To support the activities of the IDA, the Agency annually enters into a contract with the NYCEDC. Under the terms set forth in the contract between NYCEDC and IDA, NYCEDC is to provide IDA with all the professional, administrative, and technical assistance it needs to accomplish its objectives. The fixed annual fee for these services is based on an agreement between NYCEDC and the Agency. Such fees amounted to $4.4 million for the years ended June 30, 2021 and 2020.

5. Commitments

Pursuant to various approved agreements between IDA and NYCEDC, IDA was committed to fund projects being performed by NYCEDC related to the City's commerce and industrial development (the special project commitments). The total special project commitments under these agreements amounted to approximately $18.2 million, with an outstanding obligation at June 30, 2021 of approximately $0.8 million.

The Project Commitments, related approval dates, original and outstanding commitment balances are as follows (in thousands):

Project	Approval Date	Total Commitments	Life-to-date Expenditures	Current Total De-Obligate	Outstanding Commitment
Hunts Point Food Distribution Center, Development Feasibility Studies	12/11/07	$ 700	$ 509	$ 191	$ –
FutureWorks NYC / Advanced Manufacturing Network Centers	5/12/15	8,295	7,430	865	–
Workforce One Industrial & Transportation Career Center Satellites	07/24/18	5,257	5,257	–	–
FreightNYC	11/07/18	550	220	330	–
LifeSci NYC/Cyber NYC	05/12/20	2,000	2,000	–	–
Grocery Delivery Expansion	06/23/20	75	39	–	36
Hunts Point Community Engagement Facilitator	11/17/20	130	65	–	65
LifeSci NYC/Cyber NYC	11/17/20	900	452	–	448
Rapid Testing Innovation Competition	1/19/21	164	–	–	164
Childcare Innovation Initiative	1/19/21	100	4	–	96
Sunset Park, One-Way Pair Traffic Analysis	3/9/21	20	14	–	6
Inwood Map Split Services	4/27/21	58	42	–	16
		$ 18,249	$ 16,032	$ 1,386	$ 831

5. Commitments (continued)

For the years ended June 30, 2021 and 2020, $2.2 million and $4.1 million, respectively, have been incurred by the Agency related to the above projects and are included in special project costs on the accompanying statements of revenues, expenses, and changes in net position.

6. Contingencies

IDA, and in certain situations as co-defendant with the City and/or NYCEDC, is involved in personal injury, environmental claims, and other miscellaneous claims and lawsuits. In many of these matters, there is liability coverage insuring IDA, and IDA's clients are, in any case, obligated to indemnify IDA. IDA is unable to predict the outcome of each of these matters, but believes that IDA has meritorious defenses or positions with respect thereto. It is management's opinion that, except for the matters noted below, the ultimate resolution of these matters will not be material to IDA.

Management believes that the following matter could have a material adverse effect on IDA's operations:

By letters dated January 7, 2009, December 2, 2009, and a Consent Order dated May 22, 2013, the New York State Department of Environmental Conservation (DEC) has notified IDA that DEC will seek contribution from IDA in connection with the remediation, respectively, of three sites in Brooklyn, one site in Long Island City, and another site in Queens that are or were used by clients to which IDA has provided financial assistance. No estimate can be determined at this time. IDA does not carry insurance that would cover any such costs. If IDA is found to have liability, IDA would be entitled to indemnification from these clients. However, IDA believes that the remediation costs will be material and would exceed the clients' ability to meet their indemnity obligations.

IDA is unable to predict the outcome of the matter described above, but believes it has meritorious defenses with respect thereto.

7. Risk Management

IDA is exposed to various risks of loss-related torts; theft of, damage to, and destruction of assets; and natural disasters. IDA requires all beneficiaries to purchase and maintain commercial liability and property insurance coverage for these risks and name IDA as an additional insured on liability policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage provided by the beneficiaries in any of the past fiscal years.

II. *Government Auditing Standards* Section

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Report of Independent Auditors 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*

The Management and the Board of Directors
New York City Industrial Development Agency

We have audited, in accordance with auditing standards generally accepted in the United States 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 business-type activities and the fiduciary activities of New York City Industrial Development Agency (the Agency), a component unit of The City of New York, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated September 30, 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 opinions 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 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Ernst & Young LLP

September 30, 2021

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