Please refer to page 25 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, 2022 and 2021
With Reports of Independent Auditors

NYCIDA
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, 2022 and 2021

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I. Financial Section

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Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinions

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, 2022 and June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022 and 2021, and the respective changes in its financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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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 is the responsibility of management and, 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 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 September 29, 2022 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 29, 2022

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

Management's Discussion and Analysis

June 30, 2022 and 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, 2022. Please read it in conjunction with the financial statements and accompanying notes, which follow this section.

2022 Financial Highlights

- Current assets increased $2.9 million (or 15%)
- Non-current assets decreased $5.1 million (or 37%)
- Current liabilities increased $0.5 million (or 11%)
- Operating revenues decreased $11.2 million (or 77%)
- Operating (loss) income decreased $11.2 million (or 112%)
- Non-operating expenses, net, decreased $0.7 million (or 32%)
- Change in net position was ($2.7) million in fiscal year 2022, as compared to $7.8 million in fiscal year 2021

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, 2022, 2021, and 2020 and the percentage change between June 30, 2022, 2021, and 2020 (dollars in thousands):

	2022	2021	2020	% Change 2022–2021	% Change 2021–2020
Current assets	**$ 21,556**	$ 18,668	$ 23,766	**15%**	(21)%
Non-current assets	**8,620**	13,729	–	**(37)**	–
Total assets	**30,176**	32,397	23,766	**(7)**	36
Current liabilities	**5,141**	4,641	3,796	**11**	22
Total liabilities	**5,141**	4,641	3,796	**11**	22
Total net position	**$ 25,035**	$ 27,756	$ 19,970	**(10)**	39

Fiscal Year 2022 Activities

Total assets decreased by $2.2 million or 7% mainly due to a decrease in overall cash collected from financing transactions during fiscal 2022 compared to fiscal year 2021. Of the Agency's total assets, non-current assets decreased by $5.1 million or 37% due to $10.5 million of previously long-term investments becoming current, net of new purchases of long-term securities of $5.4 million.

Total current liabilities increased by $0.5 million or 11% primarily due to cash collected of approximately $0.3 million related to a future closing for 174 Power Global/East River ESS LLC.

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.

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, 2022, IDA did not issue any tax-exempt bonds; during the year ended June 30, 2021, IDA closed on two tax-exempt bond issues.

The Agency charges various program fees, including application fees, financing fees, and compliance monitoring 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 2022, 2021 and 2020 and the percentage change between June 30, 2022, 2021 and 2020 (dollars in thousands):

				% Change	
	2022	**2021**	**2020**	**2022–2021**	**2021–2020**
Operating revenues:					
Fee income	**$ 2,860**	$ 14,082	$ 6,346	**(80)%**	122%
Other income	**510**	527	62	**(3)**	750
Total operating revenues	**3,370**	14,609	6,408	**(77)**	128
Operating expenses:					
Management fees	**4,400**	4,400	4,400	–	–
Other expenses	**176**	193	143	**(9)**	35
Total operating expenses	**4,576**	4,593	4,543	–	1
Operating (loss) income	**(1,206)**	10,016	1,865	**(112)**	437
Non-operating (expenses) revenues:					
Earnings on investments	**(126)**	(1)	337	**(12,500)**	(100)
Special project costs	**(1,389)**	(2,229)	(4,052)	**(38)**	(45)
Total non-operating expenses, net	**(1,515)**	(2,230)	(3,715)	**(32)**	(40)
Change in net position	**(2,721)**	7,786	(1,850)	**(135)**	521
Beginning net position	**27,756**	19,970	21,820	**39**	(9)
Ending net position	**$ 25,035**	$ 27,756	$ 19,970	**(10)**	39

Fiscal Year 2022 Activities

The Agency's net position decreased by $2.7 million or 10% largely due to the operating loss of $1.2 million and special project costs recognized of $1.5 million.

Operating income decreased by $11.2 million or 112% during fiscal year 2022, resulting in an operating loss of $1.2 million, due to the following: (1) a decrease of $11.5 million in project finance fees as a result of several large closings that took place in the prior year and (2) an increase in other fee income of $0.3 million.

Fiscal Year 2022 Activities (continued)

Special project costs decreased overall by $0.8 million or 38% during fiscal year 2022, largely as a result of the closeout of the Workforce One Career Center Satellites project in 2021, which incurred approximately $1.4 million in costs in the prior year, offset by an increase of $0.6 million in other special project costs.

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.

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.

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	
	2022	**2021**
Assets		
Current assets:		
Cash and cash equivalents *(Note 3)*	**$ 5,403**	$ 15,337
Investments *(Note 3)*	**12,556**	101
Restricted cash	**3,341**	3,056
Fees receivable, net of allowance for doubtful accounts of $61 and $39, respectively	**256**	174
Total current assets	**21,556**	18,668
Non-current assets:		
Investments *(Note 3)*	**8,620**	13,729
Total non-current assets	**8,620**	13,729
Total assets	**30,176**	32,397
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	**99**	177
Due to New York City Economic Development Corporation	**719**	587
Unearned revenues	**849**	688
Other liabilities	**3,474**	3,189
Total current liabilities	**5,141**	4,641
Total liabilities	**5,141**	4,641
Net position – unrestricted	**$ 25,035**	$ 27,756

See accompanying notes.

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	
	2022	**2021**
Operating revenues:		
Fee income *(Note 2)*	**$ 2,860**	$ 14,082
Recapture and other related benefits *(Note 2)*	**488**	510
Other income *(Note 2)*	**22**	17
Total operating revenues	**3,370**	14,609
Operating expenses:		
Management fees *(Note 4)*	**4,400**	4,400
Other expenses	**176**	193
Total operating expenses	**4,576**	4,593
Operating (loss) income	**(1,206)**	10,016
Non-operating revenues (expenses):		
Investment loss	**(126)**	(1)
Special project costs *(Note 5)*	**(1,389)**	(2,229)
Total non-operating expenses, net	**(1,515)**	(2,230)
Change in net position	**(2,721)**	7,786
Net position, unrestricted, beginning of year	**27,756**	19,970
Net position, unrestricted, end of year	**$ 25,035**	$ 27,756

See accompanying notes.

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	
	2022	**2021**
Cash flows from operating activities		
Financing and other fees	**$ 2,976**	$ 15,533
Other income	**20**	9
Management fees paid	**(4,400)**	(4,400)
Other expenses paid	**(150)**	(84)
Recapture benefits and other penalties received	**3,934**	1,831
Payment to NYC and other agencies of recaptured benefits	**(3,260)**	(1,320)
Payment to EDC for contingency fees	**(37)**	(71)
Net cash (used in) provided by operating activities	**(917)**	11,498
Cash flows from investing activities		
Sale of investments	**2,516**	20,701
Purchase of investments	**(9,996)**	(20,748)
Interest income	**8**	9
Net cash used in investing activities	**(7,472)**	(38)
Cash flows from non-capital financing activities		
Special project costs paid	**(1,260)**	(1,817)
Net cash used in non-capital financing activities	**(1,260)**	(1,817)
Net (decrease) increase in cash and cash equivalents	**(9,649)**	9,643
Cash and cash equivalents at beginning of year	**18,393**	8,750
Cash and cash equivalents at end of year	**$ 8,744**	$ 18,393

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	
	2022	**2021**
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities		
Operating (loss) income	**$ (1,206)**	$ 10,016
Adjustments to reconcile operating income to net cash (used in) provided by operating activities:		
Provision for bad debt (recovery)	**27**	(8)
Changes in operating assets and liabilities:		
Fees receivable	**(109)**	1,058
Accounts payable and accrued expenses	**(78)**	37
Due to NYC Economic Development Corp.	**3**	–
Other liabilities	**285**	5
Unearned revenues	**161**	390
Net cash (used in) provided by operating activities	**$ (917)**	$ 11,498
Supplemental disclosures of non-cash activities		
Unrealized loss on investments	**$ (157)**	$ (20)

See accompanying notes.

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 2022	2021
Assets		
Cash and cash equivalents	**$ 227**	$ 5,201
Total assets	**227**	5,201
Liabilities		
PILOT payable	**227**	5,201
Total liabilities	**227**	5,201
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	
	2022	**2021**
Additions		
PILOT collections	**$ 30,040**	$ 41,941
Total additions	**30,040**	41,941
Deductions		
PILOT payments disbursed	**29,813**	36,740
PILOT payments pending disbursement	**227**	5,201
Total deductions	**30,040**	41,941
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 $2.33 billion and $2.42 billion for the years ended June 30, 2022 and 2021, 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. In accordance with GASB Statement No. 91, *Conduit Debt Obligations*, the Tax-Exempt PILOT Bonds are given no accounting recognition in the accompanying financial statements. In addition, no commitments beyond the payments from the PILOT revenues were extended by the Agency for any of these bonds. At June 30, 2022, the PILOT Bonds have an aggregate outstanding principal amount payable of $1.60 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 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. Due to the nature of the Agency's leasing arrangements, as more fully described in Note 1, the adoption of this standard did not have a significant impact on the Agency's 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 adoption of this statement did not have a significant impact on the Agency's 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 adoption of this statement did not have a significant impact on the Agency's 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 statement will have on its financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain paragraphs of this statement were effective immediately and did not have a significant impact on the Agency's financial statements. The remaining requirements of this statement are effective for fiscal years beginning after June 15, 2022 and beyond. The Agency is evaluating the impact this statement will have on its financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primarily objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. The Agency is evaluating the impact this statement will have on its financial statements.

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 are recorded net of amounts due to The City and The State. The related recapture benefits that are due to The City are recorded as other liabilities until such time as they are disbursed to The City. For the year ended June 30, 2022, IDA remitted \$3.3 million to The City and State relating to recapture benefits, of which approximately \$0.6 million was for 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. 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. The Agency collects PILOT pursuant to the lease agreements between the Agency and its various lessees on behalf of The City and recognizes an offsetting liability payable to The City when the funds are received.

Reclassifications

Certain reclassifications to unearned revenue and other liabilities have been made 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 $1.9 million. Of this amount, $250,000 was covered by the Federal Depository Insurance Corporation (FDIC) and $1.7 million was collateralized with securities held by the pledging financial institution.

Investments

As of June 30, 2022 and 2021, the Agency had the following unrestricted investments (in thousands). Investments maturities are shown for June 30, 2022 only.

	Fair Value		2022 Investment Maturities (In Years)	
	2022	**2021**	**Less than 1**	**Greater than 1**
Money Market	**$ 10**	$ 231	**$ 10**	**$ –**
Federal Home Loan Bank Notes	**11,215**	–	**5,732**	**5,483**
Federal Farm Credit Bank Notes	**13,600**	13,729	**10,463**	**3,137**
Certificates of Deposit (over 90 days)	**101**	101	**101**	**–**
Total	**24,926**	14,061	**$ 16,306**	**$ 8,620**
Less: cash equivalents	**(3,750)**	(231)		
Total unrestricted investments	**$ 21,176**	$ 13,830		

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.

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. As of June 30, 2022, the Agency's investments in Federal Home Loan Bank and 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, 2022**		**June 30, 2021**	
Federal Home Loan Bank	**$ 11,215**	**52.96%**	$ –	–%
Federal Farm Credit Bank	**13,600**	**64.22**	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, 2022 and 2021.

5. Commitments

Pursuant to various approved agreements between IDA and NYCEDC, IDA was committed to pay for 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 $3.5 million, with an outstanding commitment obligation at June 30, 2022 of approximately $1.5 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
Grocery Delivery Expansion	06/23/20	$ 75	$ 39	$ –	$ 36
Hunts Point Community Engagement Facilitator	11/17/20	200	200	–	–
LifeSci NYC/Cyber NYC	11/17/20	900	883	17	–
Rapid Testing Innovation Competition	1/19/21	164	164	–	–
Childcare Innovation Initiative	1/19/21	100	71	–	29
Sunset Park, One-Way Pair Traffic Analysis	3/9/21	20	20	–	–
Inwood Map Split Services	4/27/21	58	42	–	16
Brooklyn Wholesale Meat Market Engineering & Design Services	7/27/21	300	235	–	65
OneNYC – Climate Adaptation Roadmap	9/21/21	135	135	–	–
Citywide Umbrella Mitigation Bank & Bush Terminal Pier 7	11/16/21	200	43	–	157
Inwood Amended Drainage Plan	11/16/21	164	128	–	36
CUNY STEM Pedagogy Institute	3/8/22	295	–	–	295
Fullstack Cybersecurity Bootcamp Scholarships	4/26/22	400	45	–	355
New York Proptech Piloting Program	6/14/22	500	–	–	500
		$ 3,511	$ 2,005	$ 17	$ 1,489

5. Commitments (continued)

For the years ended June 30, 2022 and 2021, $1.4 million and $2.2 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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, the financial statements of the business-type activities and the 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 year ended June 30, 2022, 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 29, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 29, 2022