Rensselaer County Capital Resource Corporation

Annual Investment Report for FY2019

As required by Section 2925(6) of the Public Authorities Law of the State of New York, following is the annual investment report of the Rensselaer County Capital Resource Corporation (the "Corporation").

Attached hereto as Schedule 1 and made part hereof is the Corporation's Investment Policy (the "Policy") reviewed and approved by the Corporation on March 12, 2020.

The Policy has not been amended since the Corporation last reviewed and adopted the Policy on October 11, 2018.

The Policy is intended to comply with the requirements of General Municipal Law Sections 10 and 11 and with the Public Authorities Law Article 9, Title 7, and to provide safeguards for the Corporation's investments and deposits.

Attached hereto as Schedule 2 and made part hereof are the results of the annual independent audit.

The Corporation generated $0 of interest income for the period January 1, 2019 through December 31, 2019.

The Corporation paid no fees, commissions or other charges for investment associated services during the period January 1, 2018 through December 31, 2018.

Schedule 1

RENSSELAER COUNTY CAPITAL RESOURCE CORPORATION

INVESTMENT POLICY AND GUIDELINES

SECTION 1. PURPOSE AND AUTHORITY

(A) Corporation Funds. The purpose of this Deposit and Investment Policy (the "Policy") is to comply with Section 2925 of the New York State Public Authorities Law (the "Public Authorities Law"), which requires the Rensselaer County Capital Resource Corporation (the "Corporation") to establish a policy and guidelines for the investment of funds for the use and account of the Corporation ("Corporation Funds").

(B) Non-Corporation Funds. The provisions of this Policy shall not apply to funds derived from the sale of bonds, notes or other obligations issued to fund a particular project for the benefit of a particular applicant, or any other funds held by the Corporation that are not Corporation funds.

SECTION 2. DEPOSITS OF CORPORATION FUNDS

(A) Designation of Depositories. The Corporation shall by resolution or resolutions of the directors of the Corporation designate one or more banks or trust companies (each, a "Depository") for the deposit of Corporation Funds received by the treasurer or any other officer of the Corporation authorized by law or the by-laws of the Corporation to make deposits. Any such Depository shall be one which is located in New York State with preference given to banks that maintain either its home office or a branch office in Rensselaer County. Such resolution or resolutions shall specify the maximum amount that may be kept on deposit at any time in each Depository and any other conditions or terms of deposit. Such designations and amounts may be changed at any time by a further resolution of the directors of the Corporation.

(B) Security. All Corporation Funds in excess of the amount insured under the provisions of the Federal Deposit Insurance Act as now or hereinafter amended shall be secured in accordance with the provisions of Section 10(3) of the General Municipal Law. Generally, Section 10(3) of the General Municipal Law provides that Corporation Funds may be secured by (1) a pledge of "eligible securities" (as defined in Section 10(1) of the General Municipal Law), together with a security agreement and custodial agreement meeting the requirements of Section 10(3)(a) of the General Municipal Law, or (2) an "eligible surety bond" or an "eligible letter of credit" (as such quoted terms are defined in Section 10(1) of the General Municipal Law) securing 100% of such Corporation Funds.

SECTION 3. INVESTMENTS OF CORPORATION FUNDS

(A) Investment Policy. It is the general policy of the Corporation that Corporation Funds not required for immediate expenditure shall be invested as described in subsection (C) below. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

(B) Designation of Investment Officers. The treasurer and any other officer or employee of the Corporation so authorized by the by-laws of the Corporation or by resolution of the directors of the Corporation (each, an "Investment Officer") are authorized to temporarily invest Corporation Funds not required for immediate expenditure. Any designation of an Investment Officer made by resolutions of the directors of the Corporation may be changed at any time by a further resolution of the directors of the Corporation.

(C) Types of Investments. Except as otherwise provided by resolution of the directors of the Corporation, an Investment Officer may invest Corporation Funds in any of the following types of investments:

(1) special time deposits in, or certificates of deposit issued by, any bank or trust company located and authorized to do business in the State of New York, provided that such deposit account or certificate of deposit is secured in the same manner as is provided for securing deposits of Corporation Funds by Section 10(3) of the General Municipal Law;

(2) obligations of, or obligations where the payment of principal and interest are guaranteed by, the United States of America;

(3) obligations of the State of New York; and

(4) with the approval of the State Comptroller, tax anticipation notes and revenue anticipation notes issued by any municipality or school district or district corporation organized under the laws of the State of New York.

(D) Custodians. The Corporation may, by resolution of the directors of the Corporation, authorize the Investment Officers to turn over the physical safekeeping and evidences of the investments made pursuant to subsection (C) of this Section ("Corporation Investments") to any entity authorized pursuant to Section 11(4) of the General Municipal Law to act as a custodian of Corporation Investments, but only upon compliance with the requirements of Section 11(4) of the General Municipal Law. Generally, Section 11(4) of the General Municipal Law allows the following types of entities to act as custodians of Corporation Investments:

(1) any bank or trust company incorporated in the State of New York;

(2) any national bank located in the State of New York; and

(3) any private banker duly authorized by the New York State Superintendent of Banks to engage in business in New York State which maintains a permanent capital of not less than one million dollars in New York State.

(E) Commingling. Any Corporation Funds invested pursuant to this Section may be commingled for investment purposes upon compliance with the requirements of Section 11(6) of the General Municipal Law. Generally, Section 11(6) of the General Municipal Law allows commingling of Corporation Investments so long as (1) such investment is payable or redeemable at the option of the Corporation within such time as the proceeds are needed by the Corporation, (2) the separate identity of such funds are maintained at all times, and (3) income received on such commingled monies is credited on a pro rata basis to the fund or account from which the monies were invested.

(F) Proper Records. The treasurer of the Corporation shall maintain (or cause the Investment Officers to maintain) a proper record of all books, notes, securities or other evidences of indebtedness held by or for the Corporation for purposes of investment. Such record shall at least (where applicable) (1) identify the security, (2) the fund for which held, (3) the place where kept, (4) the date of sale or other disposition, and (5) the amount received from such sale or other disposition.

SECTION 4. INTERNAL CONTROLS

(A) Periodic Reviews. To the maximum extent possible, the Executive Director of the Corporation or his designee shall prepare and submit to the directors of the Corporation at each regular meeting of the Corporation (but not more often than monthly), a summary showing the amount of Corporation Funds on deposit in each Depository and the general nature of the investment of such Corporation Funds.

(B) Annual Report. Within sixty (60) days of the end of each fiscal year, the Executive Director of the Corporation or his designee shall prepare and submit to the directors of the Corporation an annual investment report (the "Annual Investment Report") showing the deposits and investments of Corporation Funds as of the beginning of such fiscal year, a summary of the changes in such amounts during such fiscal year, a summary of the earnings thereon during such fiscal year, and the balance thereof as of the end of such fiscal year.

(C) Annual Audit. The Annual Investment Report shall be audited by the Corporation's independent certified public accountant as part of the Corporation's annual independent audit required pursuant to Section 2802 of the Public Authorities Law.

(D) Annual Review. The directors of the Corporation shall review the Annual Investment Report and the annual independent audit and this Part, and shall make any amendments to this Part necessary to achieve the purposes of this Part.

Adopted: October 11, 2018

Schedule 2

RENSSELAER COUNTY
CAPITAL RESOURCE CORPORATION

Financial Statements

December 31, 2019

RENSSELAER COUNTY CAPITAL RESOURCE CORPORATION

Financial Statements

December 31, 2019

Financial Statements

Compliance Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rensselaer County Capital Resource Corporation
Troy, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Rensselaer County Capital Resource Corporation (the "Corporation"), a component unit of the County of Rensselaer, New York, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

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

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2020, on our consideration of Rensselaer County Capital Resource Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Wojeski & Company, CPAs, P.C.

Albany, New York
March 23, 2020

RENSSELAER COUNTY CAPITAL RESOURCE CORPORATION

Statement of Net Position

December 31, 2019

ASSETS		$ -
NET POSITION		
Unrestricted		-
	TOTAL NET POSITION	$ -

See accompanying notes to financial statements.

RENSSELAER COUNTY CAPITAL RESOURCE CORPORATION

Statement of Revenues, Expenses and Change in Net Position

For the Year Ended December 31, 2019

OPERATING REVENUES		
Contributed property		$ 450,000
	TOTAL OPERATING REVENUES	450,000
OPERATING EXPENSES		
Transfer to Rensselaer County		420,713
Professional fees		5,000
	TOTAL OPERATING EXPENSES	425,713
	OPERATING INCOME	24,287
NON-OPERATING EXPENSES		
Loss on sale of property		(24,287)
	TOTAL NON-OPERATING EXPENSES	(24,287)
CHANGE IN NET POSITION		-
NET POSITION, beginning of year		-
	NET POSITION, end of year	$ -

See accompanying notes to financial statements.

RENSSELAER COUNTY CAPITAL RESOURCE CORPORATION

Statement of Cash Flows

For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments for operating expenses	$ (425,713)
NET CASH USED IN OPERATING ACTIVITIES	(425,713)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from the sale of property, net	425,713
NET CASH PROVIDED BY INVESTING ACTIVITIES	425,713
NET INCREASE IN CASH AND CASH EQUIVALENTS	-
Cash and cash equivalents at beginning of year	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES	
Operating income	$ 24,287
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Contributed property	(450,000)
NET CASH USED IN OPERATING ACTIVITIES	$ (425,713)

See accompanying notes to financial statements.

NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Basis of Presentation--Continued
The Corporation distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Corporation's principal on-going operations. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents
The Corporation considers as cash all demand deposits and all highly liquid investments which are readily convertible to cash.

Fair Value Measurements
The Corporation records fair value adjustments to certain assets and liabilities in accordance with GASB Statement No. 72, Fair Value Measurement and Application (GASB 72). GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs are inputs, other than quoted market prices that are observable for the asset or liability, either directly or indirectly, and Level 3 inputs are unobservable and generally consist of assumptions and are developed using the best information available in the circumstances and have the lowest priority. When available, the Corporation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 and Level 3 inputs would only be used when Level 1 inputs were not available.

The fair value of the Corporations contributed property is based on the quoted sale price of the property subsequent to the date of contribution (level 2 input).

Income Taxes
The Corporation is exempt from federal, state and local income taxes.

Subsequent Events
The Corporation evaluates transactions that occur subsequent to year end for potential recognition or disclosure in the financial statements through the date on which the financial statements are available to be issued. The financial statements were approved by management and available to be issued on March 23, 2020.

NOTE B--CASH AND CASH EQUIVALENTS

The Corporation's investment policies are governed by New York State Statutes. In addition, the Corporation has its own written investment policy. The Corporation is authorized to use demand deposit accounts, money market accounts, and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and those of New York State and its municipalities and school districts.

All cash of the Corporation is maintained in accounts covered by the Federal Deposit Insurance Corporation (FDIC). In accordance with state law, collateral is required for demand deposits and certificate of deposit not covered by FDIC insurance. All of the Corporations deposits were covered by FDIC insurance as of December 31, 2019.

NOTE C--RELATED PARTY TRANSACTIONS

Rensselaer County
Rensselaer County provides office space to the Corporation without compensation.

In February 2019, the County transferred a property with an estimated fair market value of $450,000 to the Corporation. Per the agreement with the County, the proceeds of the sale of the property, net of selling costs and other administrative expenses, was to be returned to the County. In October 2019, the Corporation closed on the sale of the property in the amount of $450,000. The net proceeds of $420,713 were returned to the County.

Rensselaer County Industrial Development Authority
The Corporation's current Board of Directors is the same as that of the Rensselaer County Industrial Development Authority (IDA). In addition, the IDA provided administrative support to the Corporation without compensation.

COMPLIANCE REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Rensselaer County Capital Resource Corporation
Troy, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rensselaer County Capital Resource Corporation (the "Corporation"), which comprise the statement of net position as of December 31, 2019, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the 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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wojeski & Company, CPAs, P.C.

Albany, New York
March 23, 2020

RENSSELAER COUNTY CAPITAL RESOURCE CORPORATION

Notes to Financial Statements

December 31, 2019

NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Rensselaer County Capital Resource Corporation (the "Corporation"), is a not-for-profit corporation that was established in 2018 under Section 1411 of the New York State Not-For-Profit Corporation Law. The Corporation was established to assist Rensselaer County (the County) in relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, carrying on scientific research for the purpose of aiding the County by attracting new industry to the County or by encouraging the development of, or retention of, an industry in the County, and lessening the burdens of government and acting in the public interest.

Basis of Presentation

The Corporation's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Corporation is determined by its measurement focus. The transactions of the Corporation are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of net position with revenues recorded when earned and expenses recorded when incurred. Net position is classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

> Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and accumulated amortization, reduced by the outstanding balances of bonds, notes, and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of investment in capital assets, net of related debt. Rather that portion of the debt is included in restricted net position.
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> Restricted net position: This component of net position represents external restrictions on net position imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
>
> Unrestricted net position: This component represents net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as needed.