NEW YORK JOB DEVELOPMENT AUTHORITY

Combined Financial Statements
and Independent Auditors' Report

March 31, 2022 and 2021

NEW YORK JOB DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

The Authority Members
New York Job Development Authority:

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of the New York Job Development Authority (the "Authority"), a component unit of the State of New York, as of and for the years ended March 31, 2022 and 2021, and the related notes to combined financial statements, which collectively comprise the Authority's basic combined financial statements as listed in the table of contents.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of March 31, 2022 and 2021, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Authority 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 opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 combined financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Authority'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

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 combined financial statements. Such information is the responsibility of management and, although not a part of the basic combined 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 combined 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 combined financial statements, and other knowledge we obtained during our audit of the basic combined 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 June 15, 2022 on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 15, 2022

NEW YORK JOB DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

March 31, 2022 and 2021

Our discussion and analysis of the New York Job Development Authority's ("JDA" or "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal years ended March 31, 2022 and 2021. Please read it in conjunction with the Authority's combined financial statements.

Overview

During the fiscal year ended March 31, 2022, the Authority continued its mission to spur job growth and capital investment in New York State (the "State") by using the authority granted to it and by leveraging State-guaranteed bonds to support low interest loans to manufacturers and other targeted industries throughout the State. The loan program provides financing to encourage the growth of manufacturing and other private sector business in the State without requiring appropriation of taxpayers' funds.

Since 1995, the Authority has done business as Empire State Development ("ESD") and has been administratively consolidated with the New York State Urban Development Corporation ("UDC") d/b/a Empire State Development. The Authority had a restricted net position balance of $146.9 million and $137.2 million at March 31, 2022 and 2021, respectively. The 2022 and 2021 net position of JDA is a result of improved collections of the reserved loans in the loan portfolio, the absorption of personnel costs by UDC, and the consolidation of the net position of the New York Liberty Development Corporation ("NYLDC"), Brooklyn Arena Local Development Corporation ("BALDC") and New York Transportation Development Corporation ("NYTDC").

NYLDC was created in 2002 to provide a vehicle for the State to issue Liberty Bonds in the wake of the terrorist attacks of September 11, 2001. BALDC was created in November 2008 to finance certain components of the Atlantic Yards Land Use Improvement and Civic Project. NYTDC was created in 2015 to relieve and reduce unemployment, to promote and provide for additional and maximum employment, to improve, better and maintain job opportunities, and to lessen the burdens of government in the State.

In October 2003, the Authority created the Empire State Local Development Corporation ("ESLDC"), which has state-wide jurisdiction to carry out various economic development initiatives through the use of pass through grants received from outside sources.

In June 2010, the Authority created the Canal Side Local Development Corporation ("CSLDC") and filed the certificate of incorporation in February 2012. CSLDC was created to help facilitate the financing of the Canal Side Land Use Improvement Project in Buffalo.

Summarized Statements

The following is a summary of the Authority's financial information as of and for the years ended March 31, 2022, 2021 and 2020:

Summary of Combined Statements of Net Position

	2022	2021	2020
Assets			
Cash and equivalents, restricted cash and temporary investments	$ 160,512,018	149,355,701	137,040,480
Accrued interest receivable	42,180	47,930	120,471
Prepaid insurance	23,803	-	-
Loans receivable, net	19,383,812	21,079,418	24,275,896
Financing leases, net	287,125	596,674	997,785
Total assets	180,248,938	171,079,723	162,434,632
Liabilities			
Due to New York State Urban Development Corporation	27,399,380	27,407,107	27,297,921
Accounts payable and accrued expenses	89,557	589,128	89,057
Total liabilities	27,488,937	27,996,235	27,386,978
Deferred inflows of resources - unearned income	5,903,188	5,901,668	6,608,047
Net position - restricted	$ 146,856,813	137,181,820	128,439,607

Summary of Combined Statements of Revenue,
Expenses and Changes in Net Position

	2022	2021	2020
Operating revenue:			
Loan interest	$ 677,691	536,210	1,207,781
Grant income	-	714,962	1,275,475
Bond fee income	8,802,535	11,861,058	2,425,000
Other revenue	561,734	527,192	831,014
Total operating revenue	10,041,960	13,639,422	5,739,270
Operating expenses:			
Provision for loss on loans receivable, loan guarantees and financing leases	141,473	3,992,757	119,733
Credit and bond related fees	60,000	60,000	60,000
General and administrative	98,059	193,374	204,768
Grant expense	-	714,962	1,275,475
Total operating expenses	299,532	4,961,093	1,659,976
Operating income	9,742,428	8,678,329	4,079,294
Non-operating revenue:			
Investment income	114,408	465,214	2,553,427
Unrealized gain (loss) in fair value of investments	(162,890)	(300,659)	291,601
Total non-operating revenue	(48,482)	164,555	2,845,028
Non-operating expenses - interest expense	(18,953)	(100,671)	(403,439)
Non-operating revenue, net	(67,435)	63,884	2,441,589
Change in net position	9,674,993	8,742,213	6,520,883
Net position - restricted at beginning of year	137,181,820	128,439,607	121,918,724
Net position - restricted at end of year	$ 146,856,813	137,181,820	128,439,607

Liquidity

Fiscal Year Ended March 31, 2022

The Authority's Cash and equivalents, restricted cash and temporary investments totaled approximately $160.5 million and $149.3 million at March 31, 2022 and 2021, respectively. The $11.2 million increase is primarily due to the following:

- Bond fee income of $8.8 million from NYTDC bond issuances of approximately $2.5 billion;
- Loan and lease principal and interest collections of $4.5 million;
- Bond administration and application fee receipts of $0.3 million; and
- Interest on investments of $0.1 million.

These increases are offset by $1.8 million of new loan disbursements, $0.5 million reduction in grant funding from the Port Authority of New York and New Jersey and $0.2 million in general and administrative expenses.

The Authority's Loans receivable, net balance totaled $19.4 million and $21.1 million at March 31, 2022 and 2021, respectively. The $1.7 million decrease is primarily due to loan collections totaling $3.5 million offset by $1.8 million of new loans.

Cash generated from operations exceeded the Authority's operating requirements for the year ended March 31, 2022 by approximately $9.5 million, primarily due to receipt of the following:

- Bond fee income of $8.8 million;
- Loan and lease interest income of $0.6 million; and
- Other revenue of $0.3 million related to contractual and program related fees.

These receipts are offset by a $0.2 million reduction in general and administrative expenses.

Fiscal Year Ended March 31, 2021

The Authority's Cash and equivalents, restricted cash and temporary investments totaled approximately $149.3 million and $137.0 million at March 31, 2021 and 2020, respectively. The $12.3 million increase was primarily due to increases in the following:

- Bond fee income of $11.9 million due to NYTDC bond issuances of approximately $3.4 billion;
- Loan and lease principal and interest collections of $4.8 million; and
- Interest on investments of $0.2 million.

These increases were offset by $4.4 million of new loan disbursements and $0.2 million reduction in grant funding from the Port Authority of New York and New Jersey.

The Authority's Loans receivable, net balance totaled $21.1 million and $24.3 million at March 31, 2021 and 2020, respectively. The $3.2 million decrease was primarily due to loan collections totaling $3.7 million and $4.1 million of loan write-offs, offset by $4.4 million of new loans and a $0.2 million loan loss reserve reduction.

Cash generated from operations exceeded the Authority's operating requirements for the year ended March 31, 2021 by approximately $12.5 million, primarily due to receipt of the following:

- Bond fee income of $11.9 million;
- Loan and lease interest income of $0.5 million; and
- Other revenue of $0.3 million related to contractual and program related fees.

These receipts were offset by a $0.2 million reduction in general and administrative expenses.

Change in Net Position

Fiscal Year Ended March 31, 2022

The change in net position for the fiscal year ended March 31, 2022 was $9.7 million compared with $8.7 million in fiscal 2021. The $1.0 million increase is primarily due to a $0.2 million increase in Loan interest.

This increase is offset by the following decreases:

- Bond fee income of $3.0 million;
- Non-operating revenue, including change in fair value, of $0.2 million;
- Provision for loss on receivable, loan guarantees and financing leases of $3.9 million; and
- General and administrative expenses of $0.1 million.

Fiscal Year Ended March 31, 2021

The change in net position for the fiscal year ended March 31, 2021 was $8.7 million compared with $6.5 million in fiscal 2020. The $2.2 million increase was primarily due to a $9.5 million increase in Bond fee income.

This increase was offset by the following:

- Provision for loss on loans receivable, loan guarantees and financing leases totaling $3.9 million;
- Non-operating revenue, including change in fair value, decrease of $2.7 million; and
- Loan interest reduction of $0.7 million.

Revenue

Fiscal Year Ended March 31, 2022

Operating revenue was approximately $10.0 million in fiscal 2022 compared to $13.6 million in fiscal 2021. The $3.6 million decrease is primarily due to decreases in Bond fee income of $3.0 million and Grant income of $0.7 million offset by an increase in Loan interest of $0.1 million.

Loan interest increased by approximately $0.1 million due to principal loan collections of $3.5 million offset by the issuance of $1.8 million in new loans, as well as, additional loan deferrals related to COVID-19.

Grant income through ESLDC decreased by $0.7 million as no projects were funded in the current fiscal year.

Bond fee income decreased by approximately $3.0 million due to a decrease in NYTDC bond issuances during the fiscal year.

Other revenue increased by approximately $0.03 million, primarily due to a increase in application and commitment fees.

Non-operating revenue from investment income, including change in fair value, decreased by $0.2 million due to lower interest rates on investments throughout the year. The change in the interest rate environment resulted in unrealized losses in the fair value of investments of $162,890 in 2022 and $300,659 in 2021. Because the Authority intends to hold these investments until maturity, these losses will not be realized.

Fiscal Year Ended March 31, 2021

Operating revenue was approximately $13.6 million in fiscal 2021 compared to $5.7 million in fiscal 2020. The $7.9 million increase is primarily due to a $9.5 million increase in bond fee income, offset by $0.7 million decrease in loan interest and $0.9 million in grant income and other revenue combined.

Loan interest decreased by approximately $0.7 million due to principal loan collections of $3.7 million offset by the issuance of $4.4 million in new loans, as well as, loan deferrals provided due to the COVID-19 pandemic.

Grant income through ESLDC decreased by $0.6 million as fewer projects were funded than in the previous fiscal year.

Bond fee income increased by approximately $9.5 million due to an increase in NYTDC bond issuances during the fiscal year.

Other revenue decreased by approximately $0.3 million, primarily due to a decrease in application and commitment fees.

Non-operating revenue from investment income, including change in fair value, decreased by $2.7 million due to lower interest rates on investments throughout the year. The change in the interest rate environment resulted in the unrealized loss in the fair value of investments of $300,659 in 2021 and an unrealized gain in the fair value of investments of $291,601 in 2020. Because the Authority intends to hold these investments until maturity, these gains and losses will not be realized.

Expenses

Fiscal Year Ended March 31, 2022

Operating expenses were $0.3 million for the fiscal year ended March 31, 2022, compared to $5.0 million in the fiscal year ended March 31, 2021. The $4.7 million decrease is primarily due to decreases of $3.9 million in the Provision for loss on loans receivable, loan guarantees and financing leases due to the write-off of a loan in fiscal 2021, $0.7 in Grant expense for ESLDC and $0.1 in General and administrative expense.

Grant expense represents the immediate disbursement of funds passed through ESLDC as received from the Port Authority. Grant expense decreased by $0.7 million as no projects were funded during the fiscal year.

In fiscal year 2022, $1.8 million of new loans were issued through the JDA Agriculture Loan Fund Program. This program was created to select lenders authorized to make loans to State agribusiness firms with limited access to capital, aside from their own capital contributions.

During the fiscal year, there were also approximately $4.1 million in loans approved, but not closed.

Fiscal Year Ended March 31, 2021

Operating expenses were $5.0 million for the fiscal year ended March 31, 2021, compared to $1.7 million in the fiscal year ended March 31, 2020. The $3.3 million increase is primarily due to a $3.9 million increase in the Provision for loss on loans receivable, loan guarantees and financing leases due to the write-off of a loan, offset by a $0.6 decrease in Grant expense for ESLDC and General and administrative expense.

Grant expense represents the immediate disbursement of funds passed through ESLDC as received from the Port Authority. This passthrough expense has no effect on net income.

In fiscal year 2021, $4.4 million of new loans were issued through the JDA Agriculture Loan Fund Program. This program was created to select lenders authorized to make loans to State Agribusiness firms with limited access to capital, aside from their own capital contributions.

During the fiscal year, there were also approximately $5.3 million in loans approved, but not closed.

Request for Information

This financial report is designed to provide a general overview of the New York Job Development Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Chief Financial Officer, New York Job Development Authority d/b/a Empire State Development, 633 Third Avenue, New York, New York 10017.

COMBINED FINANCIAL STATEMENTS

NEW YORK JOB DEVELOPMENT AUTHORITY
Combined Statements of Net Position
March 31, 2022 and 2021

Assets	2022	2021
Cash and equivalents	$ 4,861,942	7,420,953
Cash and equivalents - restricted	57,057	57,057
Temporary investments in marketable securities	155,593,019	141,877,691
Accrued interest receivable	42,180	47,930
Prepaid insurance	23,803	-
Loans receivable, net of allowance of $1,523,262 in 2022 and $1,552,183 in 2021	19,383,812	21,079,418
Financing leases, net of allowance of $44,648 in 2022 and $77,919 in 2021	287,125	596,674
Total assets	180,248,938	171,079,723
Liabilities		
Due to New York State Urban Development Corporation	27,399,380	27,407,107
Accounts payable and accrued expenses	89,557	589,128
Total liabilities	27,488,937	27,996,235
Commitments and contingencies (notes 9 and 10)		
Deferred inflows of resources - unearned income	5,903,188	5,901,668
Net position - restricted	$ 146,856,813	137,181,820

See accompanying notes to combined financial statements.

NEW YORK JOB DEVELOPMENT AUTHORITY

Combined Statements of Revenue, Expenses and Changes in Net Position

Years ended March 31, 2022 and 2021

		2022	2021
Operating revenue:			
Loan interest	$	677,691	536,210
Grant income		-	714,962
Bond fee income		8,802,535	11,861,058
Other revenue		561,734	527,192
Total operating revenue		10,041,960	13,639,422
Operating expenses:			
Provision for loss on loans receivable, loan guarantees and financing leases		141,473	3,992,757
Credit and bond related fees		60,000	60,000
General and administrative		98,059	193,374
Grant expense		-	714,962
Total operating expenses		299,532	4,961,093
Operating income		9,742,428	8,678,329
Non-operating revenue (expenses):			
Investment income		114,408	465,214
Unrealized loss in fair value of investments		(162,890)	(300,659)
Interest expense - New York State Urban Development Corporation		(18,953)	(100,671)
Non-operating revenue (expenses), net		(67,435)	63,884
Change in net position		9,674,993	8,742,213
Net position - restricted at beginning of year		137,181,820	128,439,607
Net position - restricted at end of year	$	146,856,813	137,181,820

See accompanying notes to combined financial statements.

NEW YORK JOB DEVELOPMENT AUTHORITY
Combined Statements of Cash Flows
Years ended March 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Cash received from interest on loans and financing leases	$ 610,370	535,681
Cash received from bond and related fees	8,802,535	11,861,058
Other operating cash receipts	358,069	312,216
Cash paid for related bond expenses	(60,000)	(60,000)
Cash paid for general and administrative expenses	(159,300)	(184,609)
Cash paid for NYLDC operating expenses	(12,105)	-
Cash paid for NYTDC operating expenses	(511)	(180)
Net cash provided by operating activities	9,539,058	12,464,166
Cash flows from investing activities:		
Proceeds from sale of temporary investments in marketable securities	365,731,935	413,788,784
Purchase of temporary investments in marketable securities	(379,583,186)	(424,344,597)
Interest on investments	112,765	838,209
Loan disbursements	(1,779,999)	(4,435,000)
Principal collected on loans receivable	3,504,526	3,812,464
Principal collected on financing leases	415,890	515,415
Reduction of Port Authority appropriation for grant disbursements	(500,000)	(214,962)
Net cash used in investing activities	(12,098,069)	(10,039,687)
Net change in cash and equivalents	(2,559,011)	2,424,479
Cash and equivalents at beginning of year	7,420,953	4,996,474
Cash and equivalents at end of year	$ 4,861,942	7,420,953

(Continued)

See accompanying notes to combined financial statements.

NEW YORK JOB DEVELOPMENT AUTHORITY
Combined Statements of Cash Flows, Continued

		2022	2021
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	9,742,428	8,678,329
Adjustments to reconcile operating income to net cash provided by operating activities:			
Provision for loss on loans receivable, loan guarantees and financing leases		(62,192)	3,777,781
Operating expenses paid by UDC		(50,483)	8,515
Amortization - deferred lease premiums		(73,071)	(73,071)
Changes in:			
Accrued interest receivable		5,750	72,541
Prepaid insurance		(23,803)	-
Accounts payable and accrued expenses		429	71
Net cash provided by operating activities	$	9,539,058	12,464,166

See accompanying notes to combined financial statements.

Note 1 - Corporate Background and Activities

(a) General

New York Job Development Authority (the "Authority" or "JDA"), doing business as Empire State Development ("ESD"), is a public benefit corporation organized and existing under the laws of the State of New York (the "State"). The Authority's mission is to spur job growth and capital investment in the State by using authority granted to it and by leveraging State-guaranteed bonds to support low interest loans to manufacturers and other targeted industries throughout the State. As a public benefit corporation, the Authority is tax-exempt. The Authority is a component unit of the State and, as such, its combined financial statements are included in the State's general purpose financial statements.

(b) Activities

The principal activity of the Authority is providing business and industry loans, described in the New York Job Development Authority Act as "Special Purpose Loans." All such loans are made to entities with operations in the State and are provided for real estate acquisition, construction, rehabilitation or improvement or machinery and equipment. The Authority requires security for the loans with the underlying assets and other available collateral.

The Authority finances these activities through recycled loan proceeds and the issuance of State guaranteed bonds and notes (the "Bonds") limited by the Constitution of the State and applicable legislation to an aggregate principal amount of $900 million outstanding at any time. To date, enabling legislation allows an aggregate principal amount of $750 million to be outstanding at any time.

The guarantee of the Bonds by the State is authorized by the New York Job Development Authority Act, as amended by Section 1813 of Title 7 Article 8 of the Public Authorities Law and Section 8 Article X of the Constitution of the State. Under these provisions, if the Authority fails to pay when due, the principal or interest on the Bonds, or, if sued by any holder of the Bonds, the State Comptroller must set apart from the first revenues thereafter received from any source, applicable to the General Fund of the State, a sum sufficient to pay such principal and interest, and shall so apply the monies thus set apart. Effectively, the State is subrogated to the rights of the bondholders. The net position of the fund is considered restricted.

The Authority has the power to create local development corporations under Section 1804 of the New York Job Development Authority Act and Section 1411 of the New York Not-for-Profit Corporation Law. The Authority has created five Local Development Corporations: New York Liberty Development Corporation ("NYLDC"), Empire State Local Development Corporation ("ESLDC"), Brooklyn Arena Local Development Corporation ("BALDC"), Canal Side Local Development Corporation ("CSLDC"), and New York Transportation Development Corporation ("NYTDC").

Note 1 - Corporate Background and Activities, Continued

(b) Activities, Continued

The Authority substantially controls the operations of the Local Development Corporations. Under Governmental Accounting Standard Board ("GASB") Statement No. 39 - "The Financial Reporting Entity," NYLDC, ESLDC, BALDC, CSLDC and NYTDC are considered blended component units of the Authority, and their assets, liabilities, and results of operations are combined with the operations of the Authority for financial reporting purposes.

Note 2 - Summary of Significant Accounting Policies

(a) Basis of Accounting

The Authority is an enterprise fund that follows the economic resource measurement focus and the accrual basis of accounting.

The Authority complies with all applicable pronouncements of GASB as well as with authoritative pronouncements applicable to non-governmental entities (e.g. Financial Accounting Standards Board Statements) that do not conflict with GASB pronouncements.

The Authority's combined financial statements are presented consistent with enterprises whose principal activities are considered a financing enterprise.

(b) Use of Estimates

The preparation of combined financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

(c) Cash and Equivalents

Cash and equivalents include cash deposits with banks and highly liquid temporary investments with original or remaining maturities of 90 days or less.

(d) Investment Securities

Investment securities consist of temporary investments of available cash and debt service reserve funds in marketable securities. Investment securities are reported at fair value in the combined statements of net position, and investment income, including changes in fair value, is reported as non-operating revenue in the combined statements of revenue, expenses and changes in net position.

Note 2 - Summary of Significant Accounting Policies, Continued

(d) Investment Securities, Continued

The fair value of investment securities, which include United States Government and Federal Agency obligations, and obligations of state and local governments is generally based on quoted market prices. Interest earning investment instruments, including time deposits and repurchase agreements with maturities of one year or less, are reported at amortized cost. Investment income also includes realized gains and losses from disposition of investments on a specific identification basis. Collateral for these investments is held in the Authority's name by financial institutions as custodians. Investment securities that are not required by bond indentures to be held by independent trustees are maintained and held by the New York State Department of Taxation and Finance.

(e) Loans and Financing Leases Receivable

Loans and financing leases are generally reported at their principal amounts outstanding, net of allowances for possible credit losses. The Authority lends funds for the acquisition of land and buildings which are generally repayable over 15 to 20 years. Loans to fund machinery and equipment are generally repayable over 7 to 10 years. Generally, all loans represent second mortgages or other subordinated positions. Interest revenue on loans and financing leases is credited to interest income based on loan principal amounts outstanding at appropriate interest rates. Interest is not accrued on loans which are delinquent three or more months and which management considers uncollectible. In addition, the Authority provides financing leases for property previously acquired in foreclosure. Financing leases generally require repayment over periods ranging from 1 to 20 years.

(f) Allowance for Possible Credit Losses and Estimated Loan Losses

The allowance for possible credit losses provides for risks of losses inherent in the credit extension process. The Authority maintains this allowance on a specific and general basis at levels considered adequate to meet present and future losses on loans and financing leases. This evaluation encompasses business and economic conditions, the character, quality and performance of the portfolios, availability of collateral and the risks inherent in these loans. Accordingly, these estimates could change in the near term.

(g) Foreclosed Properties

The Authority may hold title to properties acquired in satisfaction of loans, including in-substance foreclosures. Such amounts, if any, are carried at the lower of cost or estimated fair market value.

(h) Grant Revenue and Expense

ESLDC administers certain grant funds from various sources. These grants are awarded for specifically designated projects and are distributed directly to the projects. ESLDC records revenue upon disbursement of the grants to grantees. Grant advances not disbursed to grantees are recorded as unearned income.

NYLDC recognizes grant expense upon the disbursement of grants to grantees.

Note 2 - Summary of Significant Accounting Policies, Continued

(i) Subsequent Events

The Authority has evaluated subsequent events through the date of the report which is the date the combined financial statements were available to be issued.

On April 5, 2022, New York Transportation Development Corporation issued Special Facility Revenue Bonds, Series 2022 (Tax Exempt/AMT) Terminal 4 John F. Kennedy International Airport Project in the face amount of $1,323.9 million (the “Series 2022 Bonds”). Proceeds of the Series 2022 Bonds were issued to (i) provide funds to finance a portion of the costs of the 2022 expansion project at John F. Kennedy International Airport, (ii) fund a debt service reserve fund for the Series 2022 Bonds, (iii) fund capitalized interest and (iv) pay costs associated with the issuance of the Series 2022 Bonds.

(j) Risk and Uncertainty

The United States, including New York State, continues to deal with health matters related to COVID-19 that have had a significant impact on the national, regional and local level. The Authority has continued its support of businesses throughout the state. Potential changes to its future results and financial position is not presently determinable.

Note 3 - Local Development Corporations

(a) New York Liberty Development Corporation

In August 2002, at the request of the Governor, the Authority caused the creation of New York State Liberty Development Corporation (“NYLDC”). NYLDC was created as a conduit for the issuance of qualified New York Liberty Bonds (“Liberty Bonds”) and such other non-federally tax-exempt obligations as may be appropriate. Bond proceeds are used to finance private projects primarily in the New York Liberty Zone located in lower Manhattan. NYLDC receives fees in connection with each bond or note issuance. In certain instances, the bond issuance fees earned are shared with other entities. The summarized statements of net position of NYLDC as of March 31, 2022 and 2021 are as follows:

	2022	2021
Cash and equivalents	$ 76,881	202,833
Temporary investments in marketable securities	64,842,721	56,626,523
Net position	$ 64,919,602	56,829,356

The summarized statements of revenue, expenses and changes in net position of NYLDC for the years ended March 31, 2022 and 2021 are as follows:

	2022	2021
Bond fee income	$ 8,077,235	-
Investment income (loss)	(49,884)	76,036
Other revenue	75,000	-
Operating expenses	(12,105)	-
Changes in net position	$ 8,090,246	76,036

Note 3 - Local Development Corporations, Continued

(a) New York Liberty Development Corporation, Continued

In March 2022, NYLDC issued $457.5 million in Liberty Revenue Refunding Bonds $449.2 million Series 2022A (7 World Trade Center Project) (Green Bonds) (Tax-Exempt) and $8.3 million Series 2022B (7 World Trade Center Project) (Green Bonds), Class 1 (Federally Taxable), (collectively, “the Series 2022AB Bonds”). The proceeds of the Series 2022AB Bonds were used to refund in whole on March 15, 2022 all of the New York Liberty Development Corporation Liberty Revenue Refunding Bonds, Series 2012 (7 World Trade Center Project) outstanding in the principal amount of $450,290,000.

In December 2021, NYLDC issued $638.8 million in Liberty Revenue Refunding Bonds, Series 1WTC-2021 (Secured by Port Authority Consolidated Bonds). The proceeds of the Series 1WTC-2021 Bonds were used by the Issuer to purchase the Port Authority of New York and New Jersey’s (the Port Authority) Consolidated Bonds, Two Hundred Twenty-Eighth Series A in the principal amount of $70,000,000, Consolidated Bonds, Two Hundred Twenty-Eighth Series B in the principal amount of $175,000,000, Consolidated Bonds, Two Hundred Twenty-Eighth Series C in the principal amount of $160,000,000 and Consolidated Bonds, Two Hundred Twenty-Eighth Series D in the principal amount of $233,805,000 (collectively, the “2021 Consolidated Bonds”). The 2021 Consolidated Bonds are direct and general obligations of the Port Authority pledging the full faith and credit of the Port Authority for the payment of principal thereof and interest thereon. The Port Authority used the proceeds of the 2021 Consolidated Bonds, together with other available monies, to redeem its Consolidated Bonds, One Hundred Seventieth Series in the principal amount of $672,480,000 (the “2011 Consolidated Bonds”), which were purchased by the Issuer with the proceeds of the Issuer’s Liberty Revenue Bonds, Series 1WTC-2011 (secured by Port Authority Consolidated Bonds) (the “Series 1WTC-2011 Bonds”). The amounts received by the Issuer from the redemption of the 2011 Consolidated Bonds were used to refund, and effect the defeasance and redemption of, the Issuer’s outstanding Series 1WTC-2011 Bonds.

In September 2021, NYLDC issued $1,236.9 million in Liberty Revenue Refunding Bonds (4 World Trade Center Project) $1,225.5 million Series 2021A (Tax-Exempt) (Green Bonds) and $11.4 million Series 2021B (Federally Taxable) (Green Bonds) (the “Series 2021 Tower 4 Bonds”). The proceeds of the Series 2021 Tower 4 Bonds will be loaned by the Issuer to 4 World Trade Center LLC, a Delaware limited liability company, pursuant to a Tower 4 Loan Agreement, dated as of September 1, 2021 for the purpose of defeasing and redeeming all of the Issuer’s outstanding Liberty Revenue Bonds, Series 2011 (4 World Trade Center Project), issued in the original aggregate principal amount of $1,225,520,000.

NYLDC did not issue Liberty Bonds or notes during the year ended March 31, 2021.

Since inception, NYLDC has issued an aggregate of approximately $9.1 billion of Liberty Bonds (at face amount of approximately $8.9 billion), $338 million of Recovery Zone Bonds, and $730 million of taxable notes excluding remarketing and refunding bonds on behalf of project owners. As of March 31, 2022, the total outstanding conduit debt amounted to approximately $6.1 billion. Liberty Bonds, Recovery Zone Bonds, and taxable notes are not the obligation of NYLDC, the Authority or the State. Repayment of the bonds and notes is the obligation of respective project owners.

Note 3 - Local Development Corporations, Continued

(b) Empire State Local Development Corporation

In October 2003, the Authority caused the creation of Empire State Local Development Corporation ("ESLDC"). ESLDC has state-wide jurisdiction and was created to carry out various economic development initiatives through the use of pass through grants received from outside sources. The summarized statements of net position of ESLDC as of March 31, 2022 and 2021 is as follows:

	2022	2021
Cash and equivalents	$ 119,201	616,732
Temporary investments in marketable securities	5,783,987	5,784,936
Accounts payable and accrued expenses	-	(500,000)
Deferred inflows of resources - unearned revenue	(5,903,188)	(5,901,668)
Net position	$ -	-

The deferred inflows of resources - unearned revenue represents grant funds received from the Port Authority of New York and New Jersey (the "Port Authority") under its Transportation, Economic Development and Infrastructure Renewal ("TEDIR") projects program that have not yet been disbursed to the designated grantees. The projects included in this grant program are approved by the Port Authority in accordance with TEDIR program requirements and payments are processed through JDA. In general, these projects have a long-life span.

The summarized statements of revenue, expenses and changes in net position of ESLDC for the years ended March 31, 2022 and 2021 is as follows:

	2022	2021
Grant revenue	$ -	714,962
Grant expenses	-	(714,962)
Change in net position	$ -	-

(c) Brooklyn Arena Local Development Corporation

In November 2008, the Authority caused the creation of Brooklyn Arena Local Development Corporation ("BALDC"). BALDC has state-wide jurisdiction and was created as a conduit for the issuance of both taxable and tax-exempt bonds to finance the construction and related cost of the Barclays Center Project.

The summarized statements of net position of BALDC at March 31, 2022 and 2021 is as follows:

	2022	2021
Cash and equivalents	$ 303,824	302,336
Temporary investments in marketable securities	2,672,478	2,676,839
Net position	$ 2,976,302	2,979,175

The summarized statements of revenue, expenses and changes in net position of BALDC for the years ended March 31, 2022 and 2021 is as follows:

Note 3 - Local Development Corporations, Continued

(c) Brooklyn Arena Local Development Corporation, Continued

	2022	2021
Interest income (loss)	$ (2,873)	3,496
Other revenue	-	-
Operating expenses	-	-
Change in net position	$ (2,873)	3,496

BALDC did not issue bonds during the years ended March 31, 2022 and 2021.

As of March 31, 2022, the total of outstanding BALDC bonds ("Bonds") is $490.3 million. The Bonds are special limited obligations payable solely from and secured by the payments-in-lieu-of taxes ("PILOT") made by the Barclays Center Project developer. As noted below, since BALDC has assigned its obligations to the trust account that services the Bonds, BALDC treats the Bonds as conduit debt.

Additionally, BALDC acts as landlord through a long-term lease agreement with the developer of the Barclays Center Arena, ("Arena Co.") BALDC's obligations as landlord include maintaining fiduciary responsibility for a trust account, funded with annual PILOT payments made by the tenant, Arena Co., and used to pay all debt service costs in relation to the conduit debt issued by BALDC, as well as certain operating and maintenance costs of the Arena. However, BALDC has assigned all of its rights and obligations with respect to the trust account to the PILOT Bond Trustee and retains no rights in any amounts held in trust and no obligation to fund any amounts to the trust account and is further indemnified from any such obligation. The transactions of the trust account are not considered to be transactions of BALDC and are not recorded in BALDC's financial statements.

Rental payments for the Arena do not support or secure the Bonds. Rental payments received by BALDC are assigned to ESD as the landlord of the Arena ground lease.

(d) Canal Side Local Development Corporation

In June 2010, the Authority authorized the creation of Canal Side Local Development Corporation ("CSLDC"). CSLDC was created to help facilitate the financing of the Canal Side Land Use Improvement Project in Buffalo. There was no activity during the years ended March 31, 2022 and 2021.

(e) New York Transportation Development Corporation

In August 2015, the Authority authorized the creation of New York Transportation Development Corporation ("NYTDC"). NYTDC was formed for the public purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, and lessening the burdens of government of the State and the Authority. It will undertake its public purpose by issuing tax-exempt bonds for transportation and any other purposes or objectives described above (the "Bonds") and in the case of certain tax-exempt bonds, shall obtain the approval of the Governor of the State of New York to the

Note 3 - Local Development Corporations, Continued

(e) New York Transportation Development Corporation, Continued

extent required by applicable federal tax law; by issuing such other non-federally tax-exempt obligations as may be appropriate (the "Obligations"); and by exercising all or any part of such public functions and doing any work related to or in connection with the issuance of the Bonds or Obligations, and engaging in all other lawful business purposes.

The summarized statements of net position of NYTDC at March 31, 2022 and 2021 is as follows:

	2022	2021
Cash and equivalents	$ 1,320,582	2,317,409
Temporary investments in marketable securities	25,541,055	23,568,936
Accounts payable and accrued expenses	-	(71)
Net position	$ 26,861,637	25,886,274

The summarized statements of revenue, expenses and changes in net position of NYTDC for the years ended March 31, 2022 and 2021 is as follows:

	2022	2021
Bond fee income	$ 725,300	11,861,058
Interest income (loss)	(24,497)	25,036
Other revenue	275,000	205,000
Operating expenses	(440)	(251)
Change in net position	$ 975,363	12,090,843

In June 2021, NYTDC issued Special Facility Revenue Bonds, Series 2021 (American Airlines, Inc. John F. Kennedy International Airport Project) in the aggregate face amount of $150.1 million (the "Series 2021 Bonds"). The Series 2021 Bonds were issued on behalf of American Airlines, Inc. to provide funds for the following purposes: (i) to finance a portion of the cost of the renovation and expansion of a passenger terminal facility known as Terminal 8 at John F. Kennedy Internal Airport located in Queens, New York; (ii) to defease in full the August 1 2021 maturity of the outstanding NYTDC Special Facility Revenue Refunding Bonds, series 2016 (American Airlines, Inc. John F. Kennedy International Airport Project); (iii) to defease a portion of the NYTDC Special Facility Revenue Bonds, Series 2020 (American Airlines Inc. John F. Kennedy International Airport Project) maturing on August 1, 2031; and (iv) to pay costs of the issuance related to the series 2021 Bonds.

In March 2021, NYTDC issued NYTDC Exempt Facility Revenue Bonds, Series 2021 (Tax Exempt/AMT) - NYS Thruway Service Areas Project (the "Series 2021 Bonds") in the aggregate face amount of $269.4 million. The Series 2021 Bonds were issued (i) to pay a portion of the costs and expenses incurred in connection with the construction and financing of the New York State Thruway Service Areas Project; (ii) pay a portion of the interest payable on the Series 2021 Bonds during construction of the Project; and (iii) pay certain costs of issuing the Series 2021 Bonds and other permitted financing costs.

Note 3 - Local Development Corporations, Continued

(e) New York Transportation Development Corporation, Continued

In December 2020, NYTDC issued NYTDC Special Facility Revenue Bonds, Series 2020C (Tax Exempt/AMT) (the "Series 2020C Bonds") in the aggregate face amount of $610.8 million. The Series 2020C Bonds were issued to (i) provide funds to defease and/or redeem in full the outstanding Port Authority of NY and NJ Special Project Bonds, Series 8, (ii) fund a debt service reserve fund for the Series 2020C Bonds and (iii) pay costs associated with the issuance of the Series 2020C Bonds.

In December 2020, NYTDC issued NYTDC Special Facility Revenue Bonds, Series 2020A (Tax Exempt/AMT) and Series 2020B (Taxable)- Terminal 4 JFK Project in the aggregate face amount of $324.2 million (the "Series 2020A Bonds"). The Series 2020A Bonds were issued to (i) provide funds to defease and/or redeem in full the outstanding Port Authority of NY and NJ Special Project Bonds, Series 6 and (ii) pay costs associated with the issuance of the series 2020A Bonds. The series 2020B Bonds are being issued to (i) provide funds to repay the Subordinated Port Authority Investment in full, (ii) fund a debt service reserve fund for the series 2020B and (iii) pay costs associated with the issuance of the series 2020A Bonds and series 2020B Bonds.

In September 2020, NYTDC issued NYTDC Special Facility Revenue Bonds, Series 2020 (Delta Air Lines, Inc. LaGuardia Airport Terminals C&D Redevelopment Project) in the aggregate face amount of $1.5 billion (the "Series 2020 Bonds"). The Series 2020 Bonds were issued (i) to finance a portion of the costs of a construction project that Delta is undertaking at LaGuardia Airport; (ii) to pay interest on a portion of the Series 2020 Bonds through April 30, 2022, and a portion of the NYTDC Special Facilities Revenue Bonds, series 2018 through April 30, 2022; and (iii) to pay costs of the issuance related to the Series 2020 Bonds.

In June 2020, NYTDC issued Special Facility Revenue Bonds, Series 2020 (American Airlines, Inc. John F. Kennedy International Airport Project) in the aggregate face amount of $360.4 million (the "Series 2020 Bonds"). The Series 2020 Bonds were issued to provide funds for the following purposes: (i) to finance a portion of the cost of renovation and expansion of a passenger terminal facility known as Terminal 8 at John F. Kennedy International Airport; (ii) to defease the August 1, 2020 maturity of the outstanding NYTDC Special Facility Revenue Refunding Bonds, Series 2016 (American Airlines, Inc. John F. Kennedy International Airport Project); and (iii) to pay the cost of issuing the Series 2020 Bonds.

In April 2020, NYTDC issued Lease Revenue Bonds, Series 2020 (Taxable) (Fuller Road Management Corporation-Nanotechnology Facilities project) in the aggregate face amount of $318.0 million (the "Series 2020 Bonds"). The proceeds of the Series 2020 bonds were used to (i) defease or redeem the outstanding Fuller Road Management Corporation Taxable lease Revenue Bonds, Series 2005A; Fuller Road Management Corporation Multi-Mode Variable Rate Bonds, Series 2007; Construction/Term Loan Facilities to Fuller Road Management Corporation from Manufacturers and Traders Trust Company and KeyBank National Association as Co-arrangers and Albany County Capital Resource Corporation Multi-Mode Revenue Bonds, Series 2014 A&B; (ii) terminate up to six fixed-payor interest rate swap agreements associated with the variable-rate bonds and the credit agreement; and (iii) pay the costs of issuance of the Series 2020 Bonds.

Note 3 - Local Development Corporations, Continued

(e) New York Transportation Development Corporation, Continued

As of March 31, 2022, the total outstanding conduit debt is approximately $7.8 billion. NYTDC bonds are not the obligation of NYTDC, the Authority or the State. Repayment of the bonds is the obligation of the respective project borrower.

Note 4 - Cash and Equivalents

Demand deposits are secured by surety bonds and collateral held by a bank or trust company as custodians. Securities are either delivered or registered by book entry in UDC's name with bond trustees or custodian banks.

At March 31, 2022 and 2021, cash held in demand and custodial deposits, as well as cash equivalents were collateralized by the depository, generally with obligations of the United States, its agencies, or New York State obligations with a remaining maturity when purchased of 90 days or less, as follows:

		2022		2021	
		Carrying amount	Bank balance	Carrying amount	Bank balance
Insured (FDIC)	$	500,000	500,000	500,000	500,000
Uninsured - collateral held by custodian in UDC's name		4,418,999	4,418,999	6,978,010	6,978,010
Total cash and cash equivalents	$	4,918,999	4,918,999	7,478,010	7,478,010

Note 5 - Investments

Authorization for investments is governed by written internal investment guidelines, statutes, State guidelines and bond resolutions. Permitted investments include:

- Obligations of the United States Treasury, agencies and instrumentalities;
- Direct obligations of the State of New York, its political subdivisions, and public authorities;
- Bonds and other obligations of governmental authorities, political subdivisions, Federal Agencies, Government Sponsored Enterprises ("GSE's") or public authorities of the State or of the United States of America, which are securities in which the Corporation lawfully may invest pursuant to applicable statutes, regulations and bond resolutions including but not limited to Federal National Mortgage Association ("FNMA"), Federal Farm Credit Bank ("FFCB"), Federal Home Loan Bank ("FHLB"), Federal Home Loan Mortgage Corporation ("FHLMC - Freddie Mac"), and Student Loan Marketing Association ("SLMA - Sallie Mae");
- Repurchase agreements with financial institutions authorized to do business in New York State which are listed as primary government securities dealers by New York's Federal Reserve Bank and which are collateralized by U.S. Government securities;

Note 5 - Investments, Continued

- Commercial paper issued by domestic banks, corporations and financial companies rated "A-1" or better by Standard & Poor's Corporation or "P-1" or better by Moody's Investors Services, Inc.;
- Certificates of deposit of banks or trust companies authorized to do business in the State;
- Units, shares or interest in a mutual fund or money market fund of regulated investment companies that meet specified criteria; and
- Real property.

Temporary and debt service reserve fund investments, reported at fair value, at March 31, 2022 and 2021 consist of the following:

	2022		2021	
	Cost	Fair value	Cost	Fair value
U.S. Government and Federal Agency obligations	$ 155,678,198	155,593,019	141,826,947	141,877,691

Fair Value Measurements

Accounting principles generally accepted in the United States of America established a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Authority has the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable directly, or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to overall fair value measurement.

The Authority holds financial instruments with quoted prices in active markets for identical assets (level 1) of $155,593,019 and $141,877,691 at March 31, 2022 and 2021, respectively.

Note 6 - Loans and Financing Leases Receivable

Future payments due on loans receivable for each of the next five years and thereafter as of March 31, 2022 were as follows:

2023	$ 1,280,236
2024	1,654,942
2025	1,611,324
2026	1,582,973
2027	1,251,333
Thereafter	13,526,266
	20,907,074
Less - allowance for estimated loan losses	(1,523,262)
Total	$ 19,383,812

Minimum lease payments to be received under financing lease agreements for each year as of March 31, 2022 were as follows:

2023	$ 304,798
2024	53,959
	358,757
Less:	
Portion attributable to interest	(26,984)
Allowance for possible credit losses	(44,648)
Total	$ 287,125

Note 7 - Allowances for Possible Credit Losses and Estimated Loan Losses

The estimated allowances for possible credit and loan losses are based primarily on a continuing evaluation of the portfolios, and of current economic conditions and such other factors which management believes require consideration in estimating future risks. Additions to the allowances are made by charges to expense. Reductions of the allowances are reported as other revenue. A summary of loan loss allowance activity for year ended March 31, 2022, with comparative totals for the year ended March 31, 2021, is as follows:

	Allowances for losses on			
		Financing	Totals	
	Loans	leases	2022	2021
Beginning balances	$ 1,552,183	77,919	1,630,102	1,893,544
Net provisions (reductions)	(28,921)	(33,271)	(62,192)	(263,442)
Ending balances	$ 1,523,262	44,648	1,567,910	1,630,102

Note 8 - Due to New York State Urban Development Corporation

New York State Urban Development Corporation ("UDC") provides all of the management and operational oversight for the Authority. At March 31, 2022 and 2021, amounts due to UDC are primarily attributable to costs, including all payroll and related costs, allocated to or paid by UDC on behalf of the Authority for various general and administrative expenses. These costs, plus interest, approximated $0.09 and $0.3 million during the years ended March 31, 2022 and 2021, respectively. The balance due at March 31, 2022 and 2021, excluding grant funds held by the Authority, amounted to $27.4 million. The interest rate used is the annualized average weighted yield earned by UDC on its investment portfolio. The interest portion of the accumulated liability covers the last twenty-seven fiscal years and amounts to approximately $8.6 million at March 31, 2022.

Note 9 - Commitments

Special Purpose Fund loans approved by the Authority, but not yet closed, approximated $4.1 million at March 31, 2022.

Note 10 - Contingencies

The Authority has been named as a defendant in legal actions arising from the operation of various economic development initiatives. In addition, defendants in mortgage loan foreclosure proceedings initiated by the Authority have asserted defenses and counter claims for damages. The Authority believes that the ultimate outcome of such litigation will not have a material adverse effect on its financial condition.

Note 11 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 95 - "Postponement of the Effective Dates of Certain Authoritative Guidance." This Statement, issued in May 2020, has the primary objective of providing temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. The following disclosures have been updated accordingly.

Note 11 - Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 87 - “Leases.” This Statement, issued in June 2017, requires 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2021, which is the fiscal year beginning April 1, 2022 for the Authority. Management is in process of evaluating the potential impact due to the implementation of this Statement on the combined financial statements of the Authority.

GASB Statement No. 91 - “Conduit Debt Obligations.” This Statement, issued in May of 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, which is the fiscal year beginning April 1, 2022 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the combined financial statements of the Authority.

GASB Statement No. 92 - “Omnibus 2020.” This Statement, issued in January 2020, clarifies implementation of GASB Statements No. 73, 74, 84 and 87, generally effective for fiscal years beginning after June 15, 2021, which is the fiscal year beginning April 1, 2022 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the combined financial statements of the Authority.

GASB Statement No. 93 - “Replacement of Interbank Offered Rates.” This Statement, issued in March 2020, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The requirements of this Statement are effective for reporting periods after June 15, 2021, which is the fiscal year beginning April 1, 2022 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the combined financial statements of the Authority.

GASB Statement No. 94 - “Public-Private and Public-Public Partnerships and Availability Payment Arrangements.” This Statement, issued in March 2020, addresses issues related to public-private and public-public partnerships (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning April 1, 2023 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the combined financial statements of the Authority.

Note 11 - Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 96 - “Subscription-Based Information Technology Arrangements.” This Statement, issued in May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. To the extent relevant, the standard for SBITAs are based on the standards established in Statement No. 87 - “Leases,” as amended. The requirements of this Statements are effective for fiscal years beginning after June 15, 2022, which is the fiscal year beginning April 1, 2023 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the combined financial statements of the Authority.

GASB Statement No. 97 - “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.” This Statement, issued in June 2020, sets requirements for a primary government’s determination of component units which do not have governing boards; amends the financial burden criterion in paragraph 7 of Statement No. 84; sets required classifications for Section 457 plans and applies Statement No. 84, as amended, to IRC Section 457 arrangements; and supersedes remaining provisions of Statement No. 32, as amended, regarding investment valuation requirements for Section 457 plans. The requirements of this Statement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021 which is the fiscal year beginning April 1, 2022 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the combined financial statements of the Authority.

GASB Statement No. 99 - “Omnibus 2022.” This Statement, issued in April 2022, enhances the comparability in accounting and financial reporting and improved 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. The requirements of this Statement are effective for various periods through fiscal years beginning after June 15, 2023. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the consolidated financial statements.

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INDEPENDENT AUDITORS' 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

The Authority Members
New York Job Development Authority:

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, the combined financial statements of New York Job Development Authority (the "Authority"), a component unit of the State of New York, as of and for the year ended March 31, 2022, and the related notes to combined financial statements, and have issued our report thereon dated June 15, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Authority'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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority's combined 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 Authority's combined 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 combined 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 15, 2022

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INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

The Authority Members
New York Job Development Authority:

Report on Investment Program Compliance

Opinion on Investment Compliance

We have audited the New York Job Development Authority's (the "Authority"), a component unit of the State of New York, compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York for the year ended March 31, 2022.

In our opinion, the New York Job Development Authority complied, in all material respects, with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York for the year ended March 31, 2022.

Basis for Opinion Investment Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Investment Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on investment compliance. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Investment Compliance

Management is responsible for compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York.

Auditor’s Responsibilities for the Audit of Investment Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority’s investment compliance.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority’s internal control over investment compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over investment compliance but not for the purpose of expressing an opinion on the effectiveness of Authority’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over investment compliance that is less severe than a material weakness in internal control over investment compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over investment compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Investment Compliance section above and was not designed to identify all deficiencies in internal control over investment compliance that might be material weaknesses or significant deficiencies in internal control over investment compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over investment compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over investment compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over investment compliance. Accordingly, no such opinion is expressed.

This report is intended solely for the information and use of management of the Authority, the New York State Office of the State Comptroller, the New York State Division of the Budget, and the New York State Authority Budget Office and is not intended to be and should not be used by anyone other than those specified parties.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 15, 2022