

CITY OF NEW ROCHELLE CORPORATION
FOR LOCAL DEVELOPMENT

(A Discretely Presented Component Unit of
the City of New Rochelle, New York)

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

December 31, 2023 and 2022

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
City of New Rochelle Corporation for Local Development:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the City of New Rochelle Corporation for Local Development (the Corporation), a discretely presented component unit of the City of New Rochelle, New York, as of and for the year ended December 31, 2023 and the related notes to financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of December 31, 2023 and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Prior Period Financial Statements

The financial statements as of December 31, 2022 were audited by other auditors whose report dated March 24, 2023, and restated on September 8, 2023, expressed an unmodified opinion on those statements.

Emphasis-of-Matter

As discussed in note 8 to the financial statements, restatements of the prior period financial statements were made during the year ended December 31, 2023. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying statement of revenue, expenses and changes in net position - budget to actual, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 3, 2024 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
April 3, 2024

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Management's Discussion and Analysis

December 31, 2023 and 2022

The following is a discussion and analysis of the City of New Rochelle Corporation for Local Development's (the Corporation) financial performance for the years ended December 31, 2023 and 2022. The section is a summary of the Corporation's financial activities based on currently known facts, decisions, or conditions. This section is only an introduction and should be read in conjunction with the Corporation's financial statements, which immediately follow this section.

Organization

The Corporation is a Corporation for Local Development created in 2013 under Sections 402 and 1411 of the New York Not-for-Profit Corporation Law for the purposes of relieving unemployment, bettering job opportunities and attracting or retaining business in the City of New Rochelle (the City). The Board of Directors of the Corporation consists of the members of the Board of the New Rochelle Industrial Development Agency (the Agency) and are appointed by the City.

The Corporation is a separate entity and operates independently from the City. However, because the City appoints its board of directors, the Corporation is financially accountable to the City and is also included in the City's financial statements as a discretely presented component unit.

Financial Highlights

- During 2023, the Corporation's net position decreased by \$1,592,494 to \$1,819,560. During 2022 the Corporation's net position increased by \$4,088,190 to \$3,412,054.
- Total revenue for 2023 and 2022 was \$2,197,920 and \$7,626,919 respectively.
- Total expenses for 2023 and 2022 were \$3,790,414 and \$3,538,729, respectively.

Overview of the Financial Statements

The basic financial statements include the statements of net position, statements of revenue, expenses and changes in net position, statements of cash flows, and notes to the financial statements. The Corporation also includes in this report additional information to supplement the basic financial statements.

The statements of net position presents information that includes all of the Corporation's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation as a whole is improving or deteriorating. Evaluation of the overall economic health of the Corporation must include other non-financial factors such as the economic picture of the City and the State of New York.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Management's Discussion and Analysis, Continued

The statements of revenue, expenses and changes in net position report how the Corporation's net position changed during the current and previous fiscal period. Revenue and expenses are included when earned or incurred, regardless of when cash is received or paid.

The statements of cash flows show the sources and uses of cash.

The accompanying notes to financial statements provide information essential to a full understanding of the financial statements.

Below is a summary of the Statements of Net Position and the Statements of Revenue, Expenses and Changes in Net Position for the years ended December 31, 2023 and 2022, with 2021 presented for comparative totals:

Summary of Statements of Net Position

	<u>2023</u>	<u>Dollar Change</u>	<u>2022*</u>	<u>Dollar Change</u>	<u>2021*</u>
Current assets	\$ 1,615,502	(1,229,938)	2,845,440	619,250	2,226,190
Noncurrent assets	<u>58,965,563</u>	<u>(1,294,827)</u>	<u>60,260,390</u>	<u>2,915,042</u>	<u>57,345,348</u>
Total assets	<u>60,581,065</u>	<u>(2,524,765)</u>	<u>63,105,830</u>	<u>3,534,292</u>	<u>59,571,538</u>
Current liabilities	1,653,815	119,400	1,534,415	475,260	1,059,155
Noncurrent liabilities	<u>34,263,381</u>	<u>(514,158)</u>	<u>34,777,539</u>	<u>(491,645)</u>	<u>35,269,184</u>
Total liabilities	<u>35,917,196</u>	<u>(394,758)</u>	<u>36,311,954</u>	<u>(16,385)</u>	<u>36,328,339</u>
Deferred inflows of resources	<u>22,844,309</u>	<u>(537,513)</u>	<u>23,381,822</u>	<u>(537,513)</u>	<u>23,919,335</u>
Net position:					
Net investment in capital assets	1,136,604	(375,093)	1,511,697	3,435,201	(1,923,504)
Unrestricted	<u>682,956</u>	<u>(1,217,401)</u>	<u>1,900,357</u>	<u>652,989</u>	<u>1,247,368</u>
Total net position	<u>\$ 1,819,560</u>	<u>(1,592,494)</u>	<u>3,412,054</u>	<u>4,088,190</u>	<u>(676,136)</u>

*Reclassifications and corrections of errors have been made to certain 2022 and 2021 balances to conform them to the 2023 presentation.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Management's Discussion and Analysis, Continued

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

	<u>2023</u>	<u>Dollar Change</u>	<u>2022*</u>	<u>Dollar Change</u>	<u>2021*</u>
Revenue:					
Charges for services	\$ 110,996	(1,612,359)	1,723,355	418,839	1,304,516
Miscellaneous income	-	(3,626,655)	3,626,655	3,626,655	-
Lease income	537,513	-	537,513	268,756	268,757
Lease funding from City	371,520	(200,889)	572,409	547,164	25,245
Interest income	<u>1,177,891</u>	<u>10,904</u>	<u>1,166,987</u>	<u>(13,470)</u>	<u>1,180,457</u>
Total revenue	<u>2,197,920</u>	<u>(5,428,999)</u>	<u>7,626,919</u>	<u>4,847,944</u>	<u>2,778,975</u>
Expenses:					
Personnel services	50,000	-	50,000	9,800	40,200
Contractual	1,462,109	337,136	1,124,973	455,527	669,446
Insurance	191	-	191	9	182
Professional fees	13,966	1,623	12,343	1,396	10,947
Miscellaneous	-	(2,499)	2,499	2,499	-
Other lease related expenses	105,049	(100,460)	205,509	180,264	25,245
Interest expense	1,320,713	(19,707)	1,340,420	(11,701)	1,352,121
Depreciation/amortization	<u>838,386</u>	<u>35,592</u>	<u>802,794</u>	<u>535,249</u>	<u>267,545</u>
Total expenses	<u>3,790,414</u>	<u>251,685</u>	<u>3,538,729</u>	<u>1,173,043</u>	<u>2,365,686</u>
Change in net position	<u>\$ (1,592,494)</u>	<u>(5,680,684)</u>	<u>4,088,190</u>	<u>3,674,901</u>	<u>413,289</u>

* Reclassifications and corrections of errors have been made to certain 2022 and 2021 balances to conform them to the 2023 presentation.

Explanations for variances from 2021 to 2022 have been omitted due to the corrections of errors. All variances below describe changes from 2022 to 2023.

Current assets decreased by \$1,229,938 due to a decrease in cash and equivalents. Noncurrent assets decreased by \$1,294,827 due collections of the lease receivable.

Noncurrent liabilities decreased by \$514,158 due to repayments of bonds and leases.

Charges for services decreased by \$1,612,359 primarily as a result of a decrease in the number of transactions, including the number of projects that closed. Miscellaneous income decreased by \$3,626,655 primarily as a result of a decrease in funds received from the City for improvements to the capital assets. Contractual expenses increased by \$337,136 primarily due to absorbing certain Agency expenses, including job training.

The Corporation's decrease in net position of \$1,592,494 was a result of expenses exceeding revenue.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Management's Discussion and Analysis, Continued

Budgetary Highlights

The Corporation adopts an annual budget and reports the results of operations on a budgetary comparison basis.

During 2022, twenty-three total transactions were consummated, four of which constituted a closing of an approved project: Allstate Capitol, LLC (8 Westchester Place); North Avenue, UCAL LLC (247 North Ave); MJ Garden V, LLC (26 Garden Phase II); and Allstate Acquisitions, LLC (316 Huguenot). The remaining nineteen constituted smaller transactions such as terminations, refinancing, and sales tax exemption extension transactions. Of the four projects that closed in 2022, two were approved in 2020 and two were approved in 2021.

In January of 2018, the Agency and the Corporation adopted the uniform joint application and fee schedule authorizing a percentage of closing fees from projects approved under the Joint Application to be allocated between the Agency and the Corporation, determined on a case-by-case basis. All twenty-three projects resulted in a total transaction fee of \$1,723,355 to the Corporation. In preparing its budget, the Corporation attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner.

The 2023 budget anticipated the completion of new transactions with estimated transaction fees of approximately \$854,610. Unfortunately, none of the anticipated projects closed in 2023. Two smaller transactions totaling \$109,496 occurred in 2023 consisting of an assignment and a property transfer.

Four projects are anticipated to close in 2024 with an estimated transaction fee of \$556,086, which constitutes a 60% split of the transaction fee with the Agency, pursuant to the adoption of the unified joint application and fee schedule plus the inclusion of the social equity fee.

On April 18, 2018, the Corporation issued bonds Series 2018 A-1 & A-2 totaling \$24,000,000. The bonds are not guaranteed by the City; however, the City is obligated in a related sublease.

The sublease does not constitute a general debt or liability obligation of the City, or a pledge of the faith and credit or taxing power of the City, but shall be a special obligation expressly subject to appropriation by the City and terminable by the City by reason of its failure or refusal to so appropriately.

The obligation of the City to make payments under the sublease does not constitute an obligation for which the City has levied or pledged any form of taxation.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Management's Discussion and Analysis, Continued

Economic Factors

The Corporation will continue to look for funding opportunities to further its mission of promoting local development. Each year, the Corporation will evaluate opportunities for investment of its resources in furthering this mission. High interest rates will continue to contribute to high interest income for Corporation, while resulting in uncertain economic trends for commercial development.

Capital Assets

As of December 31, 2023 and 2022, the Corporation had capital assets, net, of \$35,951,740 and \$36,790,126, respectively. The capital assets consisted of leasehold improvements and a right-to-use asset building.

Long-Term Liabilities

Long-term debt is reported as liabilities in the statements of net position. Bond premiums are deferred and amortized over the life of the bonds. Bond issuance costs are expensed as incurred. As of December 31, 2023 and 2022, outstanding bonds payable were \$22,845,447 and \$23,264,325, respectively. As of December 31, 2023 and 2022, outstanding lease payable was \$11,709,221 and \$11,762,914 respectively.

Contacting Administration

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Corporation's finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact the Corporation's Board at the City Hall, 515 North Avenue, New Rochelle, New York.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)
Statements of Net Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
Assets:		
Current assets:		
Unrestricted cash and equivalents	\$ 1,184,375	2,432,250
Accounts receivable	3,000	3,000
Current installments of lease receivable	428,089	410,152
Prepaid expenses	<u>38</u>	<u>38</u>
Total current assets	<u>1,615,502</u>	<u>2,845,440</u>
Noncurrent assets:		
Restricted cash and equivalents	426,403	454,755
Lease receivable, net of current installments	22,587,420	23,015,509
Capital assets, net	<u>35,951,740</u>	<u>36,790,126</u>
Total noncurrent assets	<u>58,965,563</u>	<u>60,260,390</u>
Total assets	<u>60,581,065</u>	<u>63,105,830</u>
Liabilities:		
Current liabilities:		
Accounts payable	668,422	564,448
Accrued interest payable	471,235	478,322
Current installment of bonds payable, including premiums	433,878	418,878
Current installments of lease payable	<u>80,280</u>	<u>72,767</u>
Total current liabilities	<u>1,653,815</u>	<u>1,534,415</u>
Noncurrent liabilities:		
Bonds payable, including premiums, net of current installment	22,411,569	22,845,447
Lease payable, net of current installments	<u>11,851,812</u>	<u>11,932,092</u>
Total noncurrent liabilities	<u>34,263,381</u>	<u>34,777,539</u>
Total liabilities	<u>35,917,196</u>	<u>36,311,954</u>
Deferred inflows of resources - lease related	<u>22,844,309</u>	<u>23,381,822</u>
Net position:		
Net investment in capital assets	1,136,604	1,511,697
Unrestricted	<u>682,956</u>	<u>1,900,357</u>
Total net position	<u>\$ 1,819,560</u>	<u>3,412,054</u>

See accompanying notes to financial statements.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)
Statements of Revenue, Expenses and Changes in Net Position
Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
Operating revenue:		
Charges for services	\$ 110,996	1,723,355
Miscellaneous income	<u>-</u>	<u>3,626,655</u>
Total operating revenue	<u>110,996</u>	<u>5,350,010</u>
Operating expenses:		
Personnel services	50,000	50,000
Contractual	1,462,109	1,124,973
Insurance	191	191
Professional fees	13,966	12,343
Miscellaneous	<u>-</u>	<u>2,499</u>
Total operating expenses	<u>1,526,266</u>	<u>1,190,006</u>
Income (loss) from operations	<u>(1,415,270)</u>	<u>4,160,004</u>
Nonoperating revenue (expense):		
Lease income	537,513	537,513
Lease funding from City	371,520	572,409
Interest income - lease	1,142,822	1,161,841
Interest income - banks	35,069	5,146
Interest expense - lease	(193,704)	(196,769)
Interest expense - bonds	(1,127,009)	(1,143,651)
Other lease related expenses	(105,049)	(205,509)
Amortization expense	(268,905)	(268,905)
Depreciation expense	<u>(569,481)</u>	<u>(533,889)</u>
Total nonoperating revenue (expense)	<u>(177,224)</u>	<u>(71,814)</u>
Change in net position	<u>(1,592,494)</u>	<u>4,088,190</u>
Net position at beginning of year, as previously stated	3,412,054	324,503
Correction of errors (note 8)	<u>-</u>	<u>(1,000,639)</u>
Net position at beginning of year (deficit), as restated	<u>3,412,054</u>	<u>(676,136)</u>
Net position at end of year	<u>\$ 1,819,560</u>	<u>3,412,054</u>

See accompanying notes to financial statements.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)
Statements of Cash Flows
Years ended December 31, 2023 and 2022

	<u>2023</u>	2022 <u>(Restated)</u>
Cash flows from operating activities:		
Cash received from charges for services	\$ 110,996	5,350,010
Cash payments for personnel services	(50,000)	(50,000)
Cash payments for goods and services	<u>(1,372,292)</u>	<u>(575,558)</u>
Net cash provided by (used in) operating activities	<u>(1,311,296)</u>	<u>4,724,452</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	-	(4,726,655)
Principal paid on bonds	(405,000)	(390,000)
Interest paid on bonds	(1,147,974)	(1,164,354)
Funding received from City for lessee activities	371,520	572,409
Lessee activities - principal, interest and lease related expenses	<u>(371,520)</u>	<u>(572,409)</u>
Net cash used in capital and related financing activities	<u>(1,552,974)</u>	<u>(6,281,009)</u>
Cash flows from investing activities:		
Lessor activities - principal and interest received	1,552,974	1,554,354
Interest income - banks	<u>35,069</u>	<u>5,146</u>
Net cash provided by investing activities	<u>1,588,043</u>	<u>1,559,500</u>
Change in cash and equivalents	(1,276,227)	2,943
Cash and equivalents at beginning of year	<u>2,887,005</u>	<u>2,884,062</u>
Cash and equivalents at end of year	<u><u>\$ 1,610,778</u></u>	<u><u>2,887,005</u></u>
Cash flows from operating activities:		
Income (loss) from operations	(1,415,270)	4,160,004
Adjustments in reconcile income (loss) from operations to net cash provided by (used in) operating activities - change in accounts payable	<u>103,974</u>	<u>564,448</u>
Net cash provided by (used in) operating activities	<u><u>\$ (1,311,296)</u></u>	<u><u>4,724,452</u></u>
Supplemental schedule of cash flow information - classifications of cash and equivalents:		
Unrestricted	1,184,375	2,432,250
Restricted	<u>426,403</u>	<u>454,755</u>
	<u><u>\$ 1,610,778</u></u>	<u><u>2,887,005</u></u>

See accompanying notes to financial statements.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Notes to Financial Statements

December 31, 2023 and 2022

(1) Organization and Purpose

The City of New Rochelle Corporation for Local Development Corporation (the Corporation) is a Corporation for Local Development created in 2013 under Sections 402 and 1411 of the New York Not-for-Profit Corporation Law for the purposes of relieving unemployment, bettering job opportunities and attracting or retaining business in the City of New Rochelle, New York (the City). The Board of Directors of the Corporation consist of the members of the Board of the New Rochelle Industrial Development Agency and are appointed by the City. Accordingly, the Corporation, although established by the City, is a separate entity and operates independently of the City. The Corporation is exempt from Federal, State and local income taxes.

(2) Summary of Significant Accounting Policies

(a) Financial Reporting Entity

The Corporation has been identified as an organization related to the City. In accordance with the criteria enumerated in Governmental Accounting Standards, the Corporation is reported as a discretely presented component unit of the City.

(b) Basis of Accounting

The financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Corporation reports its operations on the accrual basis of accounting. Under the accrual basis of accounting, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

The Corporation distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with the Corporation's principal ongoing operation. All revenue and expenses not meeting the definition are reported as nonoperating revenue and expenses.

(c) Cash and Equivalents

Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The Corporation's deposits and investment policies are governed by the State of New York (the State) statutes. The Corporation has adopted its own written investment policy which provides for the deposit of funds in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Corporation is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(c) Cash and Equivalents, Continued

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by FDIC. The Corporation has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of the State or its political subdivisions.

The Corporation follows the provisions of GASB Statement No. 72 - Fair Value Measurement and Application, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. The three levels of the fair value hierarchy are described below:

- Level 1 - inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets.
- Level 2 - inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data.
- Level 3 - inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Interest rate risk is the risk that the Corporation will incur losses in fair value caused by changing interest rates. The Corporation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Corporation does not invest in any long-term investment obligations.

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. GASB Statement No. 40 - Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Corporation's name. As of December 31, 2023 and 2022, the Corporation had no deposits exposed to custodial credit risk.

Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Corporation does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(c) Cash and Equivalents, Continued

Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Corporation's investment policy limits the amount on deposit at each of its banking institutions.

(d) Lease Receivable

The Corporation is a lessor for a noncancellable lease of a building. As a result, the Corporation recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Corporation initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the Corporation determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease-term, and (3) lease receipts. The Corporation uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Corporation monitors changes in circumstances that would require remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amounts of the lease.

(e) Capital Assets

Capital assets are recorded at cost, net of accumulated depreciation and amortization, except for contributed property and equipment, which is recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Expenditures for maintenance and repairs are charged to expense as incurred.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) Capital Assets, Continued

Depreciation is provided for in amounts to relate the cost of depreciable assets to operations over their estimated useful lives, using the straight-line method. The estimated useful lives established to determine depreciation are 45 years.

(f) Deferred Inflows of Resources

The statements of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

(g) Revenue Recognition

The Corporation receives closing fees for bond and note issues expected savings on mortgage recording and sales and use tax exemptions. These closing fees, are recognized as revenue upon issuance of bonds and notes. Application and other administrative fees are recognized when services are rendered.

(h) Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation/amortization and increased or reduced by outstanding balances of bonds and other debt and related components that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - consists of net position for which constraints are placed on asset use either through the enabling legislation adopted by the Corporation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted Net Position - consists of net position that does not meet the definition of the two preceding categories.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(i) Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Subsequent Events

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

(k) Reclassifications

Reclassifications have been made to certain 2022 balances to conform them to the 2023 presentation.

(3) Lease Arrangements

(a) Agreements

During 2018, the Corporation entered into a lease agreement for a mixed-use building being constructed at 70 Nardozzi Place, New Rochelle, New York. The lease is for an initial term of forty-five (45) years which began when the premises were turned over after construction in June 2021. The initial lease payment is for \$260,000 annually with a 1.65% increase each year. The lease is payable to 70 Nardozzi, LLC (the Landlord).

In addition, the Corporation has sub-let the premises to the City for the same forty-five (45) year term. The lease payment that is due to the Corporation shall be sufficient to cover the debt service necessary to retire the annual principal and interest due on the 2018A-1 and 2018A-2 revenue bonds issued for the leasehold improvements made by the Corporation to the premises and the annual required lease payment made by the Corporation to the Landlord.

(b) Lease Receivable

For the years ended December 31, 2023 and 2022, the Corporation recognized lease income of \$537,513 and interest revenue of \$1,142,822 and \$1,161,841, respectively, which was all related to the premises. As of December 31, 2023 and 2022, the Corporation's lease receivable for the building lease payments was \$23,015,509 and \$23,425,661, respectively. As of December 31, 2023 and 2022, the balance of the deferred inflow of resources was \$22,844,309 and \$23,381,822, respectively.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Notes to Financial Statements, Continued

(3) Lease Arrangements, Continued

(b) Lease Receivable, Continued

The following is the amortization schedule of the lease receivable:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 428,089	1,122,875	1,550,964
2025	451,370	1,101,954	1,553,324
2026	469,830	1,080,013	1,549,843
2027	493,732	1,057,002	1,550,734
2028	517,915	1,032,868	1,550,783
2029 - 2033	2,997,365	4,759,060	7,756,425
2034 - 2038	3,810,867	3,952,476	7,763,343
2039 - 2043	4,826,150	2,929,000	7,755,150
2044 - 2048	6,130,170	1,630,306	7,760,476
2049 - 2050	<u>2,890,021</u>	<u>213,173</u>	<u>3,103,194</u>
	<u>\$ 23,015,509</u>	<u>18,878,727</u>	<u>41,894,236</u>

The following is the amortization schedule for the corresponding deferred inflows of resources:

<u>Year ending</u>	<u>Total</u>
2024	\$ 537,513
2025	537,513
2026	537,513
2027	537,513
2028	537,513
2029 - 2033	2,687,565
2034 - 2038	2,687,565
2039 - 2043	2,687,565
2044 - 2048	2,687,565
2049 - 2053	2,687,565
2054 - 2058	2,687,565
2059 - 2063	2,687,565
2064 - 2066	<u>1,343,789</u>
	<u>\$ 22,844,309</u>

The corresponding deferred inflows of resources are 13 years longer than the receivable in order to conform to the terms of the related lease payable terms. The receivable ends in 2050 as the revenue bonds to which they relate also end in 2050.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Notes to Financial Statements, Continued

(3) Lease Arrangements, Continued

(c) Lease Payable

As of December 31, 2023 and 2022, the basis of the right-to-use asset for the building amounted to \$12,100,716. Accumulated amortization on the lease office space amounted to \$672,261 and \$403,356 as of December 31, 2023 and 2022, respectively. Amortization expense amounted to \$268,905 for the years ended December 31, 2023 and 2022. The total lease liabilities for the office spaced amounted to \$11,932,092 and \$12,004,859 as of December 31, 2023 and 2022, respectively. Principal payments amounted to \$72,767 and \$170,130 for the years ended December 31, 2023 and 2022, respectively. Interest expense amounted to \$193,704 and \$196,769 for the years ended December 31, 2023 and 2022, respectively. The following is the amortization schedule for the lease liability:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 80,280	190,587	270,867
2025	87,918	187,419	275,337
2026	95,682	184,198	279,880
2027	103,574	180,924	284,498
2028	111,597	177,595	289,192
2029 - 2033	683,058	836,069	1,519,127
2034 - 2038	904,518	744,143	1,648,661
2039 - 2043	1,144,921	644,315	1,789,236
2044 - 2048	1,405,892	535,910	1,941,802
2049 - 2053	1,689,186	418,187	2,107,373
2054 - 2058	1,996,716	290,351	2,287,067
2059 - 2063	2,330,554	151,525	2,482,079
2064 - 2066	<u>1,298,196</u>	<u>20,014</u>	<u>1,318,210</u>
	<u>\$ 11,932,092</u>	<u>4,561,237</u>	<u>16,493,329</u>

(d) Summary with City

As of December 31, 2023 and 2022, the following is a summary of the Corporation and the City's related lease transactions:

	<u>2023**</u>	<u>2022*</u>
Corporation lease receivable from City	\$ 23,015,509	23,425,661
City lease payable to the Corporation	(23,015,509)	(23,425,661)
Corporation lease payable to the Landlord	(11,932,092)	(12,004,859)
Net payable	<u>\$ (11,932,092)</u>	<u>(12,004,859)</u>

* The City's December 31, 2022 financial statements are subject to restatement due to correction of errors in these financial statements.

** The City's December 31, 2023 financial statements are unaudited as of the date of these financial statements.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Notes to Financial Statements, Continued

(4) Capital Assets

The Corporation's capital asset activity for the years ended December 31, 2023 and 2022 is summarized as follows:

	Balance at January 1, 2023*	Additions	Deletions	Balance at December 31, 2023
Capital assets, being depreciated/amortized:				
Leasehold improvements	\$ 25,626,655	-	-	25,626,655
Right-to-use asset - building	12,100,716	-	-	12,100,716
	<u>37,727,371</u>	<u>-</u>	<u>-</u>	<u>37,727,371</u>
Less accumulated depreciation/amortization:				
Leasehold improvements	533,889	569,481	-	1,103,370
Right-to-use asset - building	403,356	268,905	-	672,261
	<u>937,245</u>	<u>838,386</u>	<u>-</u>	<u>1,775,631</u>
Capital assets, net	<u>\$ 36,790,126</u>	<u>(838,386)</u>	<u>-</u>	<u>35,951,740</u>
	Balance at January 1, 2022	Additions*	Deletions*	Balance at December 31, 2022*
Capital assets, not being depreciated/ amortized - construction-in-progress	\$ 20,900,000	4,726,655	25,626,655	-
Capital assets, being depreciated/amortized:				
Leasehold improvements	-	25,626,655	-	25,626,655
Right-to-use asset - building	12,100,716	-	-	12,100,716
	<u>12,100,716</u>	<u>25,626,655</u>	<u>-</u>	<u>37,727,371</u>
Less accumulated depreciation/amortization:				
Leasehold improvements	-	533,889	-	533,889
Right-to-use asset - building	134,451	268,905	-	403,356
	<u>134,451</u>	<u>802,794</u>	<u>-</u>	<u>937,245</u>
Total capital assets, being depreciated/amortized, net	<u>11,966,265</u>	<u>24,823,861</u>	<u>-</u>	<u>36,790,126</u>
Capital assets, net	<u>\$ 32,866,265</u>	<u>29,550,516</u>	<u>25,626,655</u>	<u>36,790,126</u>

* Restated for correction of errors.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Notes to Financial Statements, Continued

(5) Bonds Payable

The following table summarizes changes in the Corporation's long-term liabilities for the years ended December 31, 2023 and 2022:

	Balance at January 1, <u>2023</u>	New Issues/ <u>Additions</u>	Maturities and/or <u>Payments</u>	Balance at December 31, <u>2023</u>	Due Within <u>One Year</u>
Revenue bonds	\$ 2,690,000	-	405,000	2,285,000	420,000
Revenue bonds	<u>20,195,000</u>	<u>-</u>	<u>-</u>	<u>20,195,000</u>	<u>-</u>
	22,885,000	-	405,000	22,480,000	420,000
Unamortized premium on revenue bonds	<u>379,325</u>	<u>-</u>	<u>13,878</u>	<u>365,447</u>	<u>13,878</u>
Total bonds payable	<u>\$ 23,264,325</u>	<u>-</u>	<u>418,878</u>	<u>22,845,447</u>	<u>433,878</u>

	Balance at January 1, <u>2022</u>	New Issues/ <u>Additions</u>	Maturities and/or <u>Payments</u>	Balance at December 31, <u>2022</u>	Due Within <u>One Year</u>
Revenue bonds	\$ 3,080,000	-	390,000	2,690,000	405,000
Revenue bonds	<u>20,195,000</u>	<u>-</u>	<u>-</u>	<u>20,195,000</u>	<u>-</u>
	23,275,000	-	390,000	22,885,000	405,000
Unamortized premium on revenue bonds	<u>393,203</u>	<u>-</u>	<u>13,878</u>	<u>379,325</u>	<u>13,878</u>
Total bonds payable	<u>\$ 23,668,203</u>	<u>-</u>	<u>403,878</u>	<u>23,264,325</u>	<u>418,878</u>

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Notes to Financial Statements, Continued

(5) Bonds Payable, Continued

The following table summarizes in the Corporation's bonds payable for the years ended December 31, 2023 and 2022:

<u>Bond Issue</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding at December 31, 2023</u>
Tax exempt revenue bond 2018A-1	2018	August, 2028	4.200%	\$ 2,285,000
Tax exempt revenue bond 2018A-2	2018	August, 2050	5.125%	<u>20,195,000</u>
				<u>\$ 22,480,000</u>

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 420,000	1,130,964	1,550,964
2025	440,000	1,113,324	1,553,324
2026	455,000	1,094,844	1,549,844
2027	475,000	1,075,734	1,550,734
2028	495,000	1,055,784	1,550,784
2029 - 2033	2,860,000	4,896,425	7,756,425
2034 - 2038	3,680,000	4,083,344	7,763,344
2039 - 2043	4,715,000	3,040,150	7,755,150
2044 - 2048	6,060,000	1,995,931	8,055,931
2049 - 2050	<u>2,880,000</u>	<u>223,194</u>	<u>3,103,194</u>
	<u>\$ 22,480,000</u>	<u>19,709,694</u>	<u>42,189,694</u>

(6) Conduit Debt Obligations, Revenue Bonds and Note Transactions

The Corporation has issued Revenue Bonds to local non-profit organizations, which provides the organizations the opportunity to utilize tax-exempt financing for eligible projects. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the facilities transfers to the non-profit organization serviced by the bond issuance.

Neither the Corporation or the City is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2023 and 2022, there were two series of Revenue Bonds outstanding, with an aggregate principal amount payable of \$42,165,000 and \$43,210,000, respectively, which are due through 2050.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Notes to Financial Statements, Continued

(7) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

Statement No. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

(8) Correction of Errors

The Corporation made corrections to certain December 31, 2022 balances. The lease between the Corporation and the City was remeasured due to the intercompany balances not matching at year-end. Additionally, there was no lease payable recognized due to the Landlord at year-end. There was an impairment related to construction issues in the 2022 financial statements that should not have been recognized as the Landlord is responsible for correcting the construction issues. The impairment loss also effected the depreciable cost, and therefore, depreciation expense. The following are summaries of the correction of errors:

	December 31, 2022, as restated	December 31, 2022, as previously stated	Change
Assets:			
Current installment of lease receivable	\$ 410,152	-	410,152
Lease receivable, net of current installments	23,015,509	22,307,096	708,413
Capital assets, net	36,790,126	22,546,933	14,243,193
Total asset changes			<u>15,361,758</u>
Liabilities:			
Current installment on bonds payable, including premiums	418,878	405,000	13,878
Current installments on lease payable	72,767	-	72,767
Bonds payable, including premiums, net of current installment	22,845,447	22,859,325	(13,878)
Lease payable, net of current installments	11,932,092	-	11,932,092
Deferred inflows of resources - lease related	23,381,822	20,981,449	2,400,373
Total liabilities and deferred inflows of resources changes			<u>14,405,232</u>
Changes to the statement of net position			<u>\$ 956,526</u>

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

Notes to Financial Statements, Continued

(8) Correction of Errors, Continued

	December 31, 2022, as restated	December 31, 2022, as previously stated	Effect on Net Position
Revenue:			
Lease income	\$ 537,513	1,116,866	(579,353)
Lease funding from City	572,409	-	572,409
Interest income - lease	1,161,841	1,072,382	89,459
Total revenue changes			<u>82,515</u>
Expenses:			
Personnel services	50,000	-	50,000
Contractual	1,124,973	1,174,973	(50,000)
Interest expense - lease	196,769	-	196,769
Amortization expense	268,905	-	268,905
Other lease related expenses	205,509	-	205,509
Depreciation expense	533,889	479,722	54,167
Impairment	-	2,600,000	(2,600,000)
Total expenses changes			<u>(1,874,650)</u>
Changes to statement of revenue, expenses and changes in net position			<u>\$ (1,957,165)</u>
Net position at beginning of year, as previously stated			\$ 324,503
Changes to the statement of net position			956,526
Changes to statement of revenue, expenses and changes in net position			<u>(1,957,165)</u>
Correction of errors			<u>(1,000,639)</u>
Net position at beginning of year, as restated			<u>\$ (676,136)</u>

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)
Other Supplementary Information
Statement of Revenue, Expenses and Changes in Net Position - Budget to Actual
Year ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Operating revenue - charges for services	\$ 856,110	856,110	110,996	(745,114)
Operating expenses:				
Personnel services	50,000	50,000	50,000	-
Contractual	1,106,750	1,591,350	1,462,109	129,241
Insurance	200	200	191	9
Professional fees	17,700	17,700	13,966	3,734
Total operating expenses	<u>1,174,650</u>	<u>1,659,250</u>	<u>1,526,266</u>	<u>132,984</u>
Loss from operations	<u>(318,540)</u>	<u>(803,140)</u>	<u>(1,415,270)</u>	<u>(612,130)</u>
Nonoperating revenue (expense):				
Lease income	-	-	537,513	537,513
Lease funding from City	-	-	371,520	371,520
Interest income - lease	1,552,974	1,552,974	1,142,822	(410,152)
Interest income - banks	-	-	35,069	35,069
Other lease related expenses	-	-	(105,049)	(105,049)
Interest expense - lease	(405,000)	(405,000)	(193,704)	211,296
Interest expense - bonds	(1,147,974)	(1,147,974)	(1,127,009)	20,965
Amortization expense	-	-	(268,905)	(268,905)
Depreciation expense	-	-	(569,481)	(569,481)
Total nonoperating revenue (expense)	<u>-</u>	<u>-</u>	<u>(177,224)</u>	<u>(177,224)</u>
Change in net position	<u>\$ (318,540)</u>	<u>(803,140)</u>	(1,592,494)	<u>(789,354)</u>
Net position at beginning of year			<u>3,412,054</u>	
Net position at end of year			<u>\$ 1,819,560</u>	

**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 Board of Directors
City of New Rochelle Corporation for Local Development:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the City of New Rochelle Corporation for Local Development (the Corporation), a discretely presented component unit of the City of New Rochelle, New York, as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated April 3, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
April 3, 2024