



**NEW YORK CENTER FOR RESEARCH, ECONOMIC ADVANCEMENT,
TECHNOLOGY, ENGINEERING AND SCIENCE CORPORATION**

Consolidated Financial Statements and Supplementary Information

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

**NEW YORK CENTER FOR RESEARCH, ECONOMIC ADVANCEMENT,
TECHNOLOGY, ENGINEERING AND SCIENCE CORPORATION**

Consolidated Financial Statements and Supplementary Information

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KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Directors

New York Center for Research, Economic Advancement, Technology, Engineering and Science Corporation:

Opinion

We have audited the consolidated financial statements of New York Center for Research, Economic Advancement, Technology, Engineering and Science Corporation (NY CREATES), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the NY CREATES as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the NY CREATES 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.

Emphasis of Matter

As discussed in Note 4 to the consolidated financial statements, the NY CREATES has significant transactions with related parties. Whether the terms of these transactions would have been the same had they been between unrelated parties cannot be determined. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the NY CREATES's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 NY CREATES'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the NY CREATES'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in Schedules 1 - 10 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Albany, New York
December 19, 2024

**NEW YORK CENTER FOR RESEARCH, ECONOMIC ADVANCEMENT,
TECHNOLOGY, ENGINEERING AND SCIENCE CORPORATION**

Consolidated Balance Sheets

June 30, 2024 and 2023

Assets	2024	2023
Cash and cash equivalents	\$ 30,970,526	29,975,579
Rent and related receivables	2,898,080	6,850,098
Due from member	2,600,028	3,004,603
Prepaid expenses	99,120	65,000
	<u>36,567,754</u>	<u>39,895,280</u>
Assets limited as to use:		
By debt agreements	26,129,001	25,378,590
Under grant agreements	103,184,663	65,890,965
By board for capital replacement	1,829,555	1,815,515
	<u>131,143,219</u>	<u>93,085,070</u>
Land, buildings and equipment, net	480,233,789	476,842,459
Right-of-use-assets – operating leases	15,115,334	16,491,766
Other assets	86,726	142,378
	<u>663,146,822</u>	<u>626,456,953</u>
Total assets	<u>\$ 663,146,822</u>	<u>626,456,953</u>
Liabilities and Net Assets		
Liabilities:		
Accrued interest payable	\$ 3,090,845	3,508,211
Construction and other costs payable	22,651,834	3,803,740
Line of credit	8,438,391	8,938,391
Lease liability – finance lease	6,081,400	6,463,376
Lease liability – operating leases	16,473,128	17,560,661
Long-term debt, net	217,265,573	246,036,487
Unearned grant funds	90,344,245	54,655,108
Deferred rental revenue	4,484,018	4,779,710
	<u>368,829,434</u>	<u>345,745,684</u>
Total liabilities	<u>368,829,434</u>	<u>345,745,684</u>
Commitments and contingencies (note 9)		
Net assets:		
Net assets without donor restrictions	256,953,263	275,472,866
Net assets with donor restrictions	37,364,125	5,238,403
	<u>294,317,388</u>	<u>280,711,269</u>
Total net assets	<u>294,317,388</u>	<u>280,711,269</u>
Total liabilities and net assets	<u>\$ 663,146,822</u>	<u>626,456,953</u>

See accompanying notes to financial statements.

**NEW YORK CENTER FOR RESEARCH, ECONOMIC ADVANCEMENT,
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Consolidated Statements of Activities

Years ended June 30, 2024 and 2023

	2024			2023		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
Support and revenue:						
Rental revenue and other support	\$ 63,323,739	—	63,323,739	67,701,276	—	67,701,276
Grants and other contributions	45,270	37,310,863	37,356,133	7,279,064	6,810,944	14,090,008
Interest and dividends	372,692	—	372,692	74,629	—	74,629
Net assets released from restrictions:						
Satisfaction of construction of facilities restrictions	5,185,141	(5,185,141)	—	1,677,130	(1,677,130)	—
Total support and revenue	<u>68,926,842</u>	<u>32,125,722</u>	<u>101,052,564</u>	<u>76,732,099</u>	<u>5,133,814</u>	<u>81,865,913</u>
Expenses:						
Contracted services	9,416,778	—	9,416,778	9,636,246	—	9,636,246
Repairs, maintenance and PILOT	4,126,441	—	4,126,441	4,624,129	—	4,624,129
Utilities	2,601,796	—	2,601,796	3,743,010	—	3,743,010
Rent	2,569,887	—	2,569,887	2,630,801	—	2,630,801
Insurance and other	4,061,579	—	4,061,579	3,429,785	—	3,429,785
Professional fees	1,347,040	—	1,347,040	1,462,503	—	1,462,503
Interest expense	11,460,135	—	11,460,135	12,560,233	—	12,560,233
Depreciation and amortization	45,870,530	—	45,870,530	47,024,144	—	47,024,144
Economic development project costs, net	5,185,141	—	5,185,141	1,927,130	—	1,927,130
Total expenses	<u>86,639,327</u>	<u>—</u>	<u>86,639,327</u>	<u>87,037,981</u>	<u>—</u>	<u>87,037,981</u>
(Decrease) increase in net assets, before other changes in net assets	<u>(17,712,485)</u>	<u>32,125,722</u>	<u>14,413,237</u>	<u>(10,305,882)</u>	<u>5,133,814</u>	<u>(5,172,068)</u>
Other changes in net assets:						
Change in fair value of interest rate swap	—	—	—	(7,173)	—	(7,173)
Loss on sale of facility	(807,118)	—	(807,118)	—	—	—
(Decrease) increase in net assets	<u>(807,118)</u>	<u>—</u>	<u>(807,118)</u>	<u>(7,173)</u>	<u>—</u>	<u>(7,173)</u>
(Decrease) increase in net assets	<u>(18,519,603)</u>	<u>32,125,722</u>	<u>13,606,119</u>	<u>(10,313,055)</u>	<u>5,133,814</u>	<u>(5,179,241)</u>
Net assets, beginning of year	<u>275,472,866</u>	<u>5,238,403</u>	<u>280,711,269</u>	<u>285,785,921</u>	<u>104,589</u>	<u>285,890,510</u>
Net assets, end of year	<u>\$ 256,953,263</u>	<u>37,364,125</u>	<u>294,317,388</u>	<u>275,472,866</u>	<u>5,238,403</u>	<u>280,711,269</u>

See accompanying notes to financial statements.

**NEW YORK CENTER FOR RESEARCH, ECONOMIC ADVANCEMENT,
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Consolidated Statements of Cash Flows

Years ended June 30, 2024 and 2023

	2024	2023
Operating activities:		
Change in net assets	\$ 13,606,119	(5,179,241)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	45,870,530	47,024,144
Non-cash rent expense	285,817	320,589
Loss on sale of facility	807,118	—
Operating lease receivable impairment	435,189	—
Amortization of deferred financing cost	870,808	819,751
Grants and contributions restricted for capital projects	(32,125,722)	(5,133,814)
Economic development cost	5,185,141	1,927,130
Change in fair value of interest rate swap	—	7,173
Changes in assets:		
Rent and other receivables	3,516,829	662,307
Due from member	404,575	252,316
Prepaid expenses	(34,120)	34,747
Right-of-use-assets - operating leases	12,642	25,285
Other assets	55,652	(25,804)
Changes in liabilities:		
Construction and other costs payable	801,498	(223,367)
Deferred rent	(295,692)	(766,725)
Unearned grant funds	35,689,137	5,712,870
Unearned revenue	—	137,738
Accrued interest payable	(417,366)	(422,667)
Lease liability - operating leases	(9,559)	(27,243)
Net cash provided by operating activities	74,658,596	45,145,189
Investing activities:		
Construction and equipment additions and project development costs	(37,374,246)	(5,637,234)
Net cash used in investing activities	(37,374,246)	(5,637,234)
Financing activities:		
Principal payment on long-term debt	(29,475,000)	(37,454,652)
Payments on line of credit	(5,615,163)	(1,000,000)
Payments on finance lease	(381,976)	(360,862)
Borrowing on line of credit	5,115,163	—
Grants and contributions restricted for capital projects	32,125,722	5,133,814
Net cash provided by (used in) financing activities	1,768,746	(33,681,700)
Net increase in cash and cash equivalents	39,053,096	5,826,255
Cash and cash equivalents, beginning of year	123,060,649	117,234,394
Cash and cash equivalents, end of year	\$ 162,113,745	123,060,649
Supplemental disclosure of cash flow information:		
Assets limited as to use included in cash and cash equivalents	\$ 131,143,219	93,085,070
Cash paid for interest	10,958,252	12,163,149
Capital assets acquired with ending construction and other costs payable	16,038,496	—

See accompanying notes to financial statements.

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Notes to Consolidated Financial Statements

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(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The New York Center for Research, Economic Advancement, Technology, Engineering and Science Corporation (NY CREATES) was incorporated on May 8, 2018 pursuant to Section 402 of the Not-For-Profit Corporation Law of New York State. Pursuant to its Certificate of Incorporation, NY CREATES was formed for the purpose of advancing scientific research, education and economic development within New York State. Specifically, the purpose of NY CREATES is to facilitate the attraction and expansion of innovative research and development projects and facilities, and to develop strategic assets that support the growth of high technology companies throughout the State in cooperation with the State University of New York (SUNY) and the New York State Urban Development Corporation d/b/a Empire State Development (ESD).

To facilitate the implementation of NY CREATES's purpose and mission, in December 2019, NY CREATES became the sole member of two existing affiliated tax-exempt corporations, Fuller Road Management Corporation (FRMC) and Fort Schuyler Management Corporation (FSMC), thus replacing their then existing members, the Research Foundation for The State University of New York (the Research Foundation) and SUNY Polytechnic Foundation, Inc. (SPF). Concurrently, the Research Foundation and SPF became the members of NY CREATES.

FRMC is a not-for-profit membership organization incorporated in September 1993 pursuant to Section 402 of the Not-For-Profit Corporation Law of New York State. Pursuant to its Certificate of Incorporation, FRMC was formed and shall be operated exclusively for the purpose of holding title to property and collecting income therefrom. Its mission is to purchase, acquire, own, hold, improve and develop lands, buildings and other real property improvements that provide facilities that promote research, education and economic development. FRMC's facilities at its Albany New York campus are located on land leased from SUNY and total approximately 1.44 million gross square feet, of which 127,000 gross square feet are cleanroom facilities.

FSMC is a New York not-for-profit corporation incorporated in October 2009 under Section 402 of the New York State Not-for-Profit Corporation Law. FSMC was formed and shall be operated exclusively for scientific, educational, economic development, and charitable purposes. It achieves this objective by facilitating research and economic development activities related to the research and educational mission of SUNY by purchasing, constructing, developing and managing facilities and promoting research therein which support the economic development, research activities and the mission of the SUNY Polytechnic Institute (SUNY Poly). FSMC has constructed, owns and/or manages facilities and programs mainly in the central/western part of the New York State housing public-private partnerships, which further the research, educational and economic development missions of SUNY and SUNY Poly. Effective June 2, 2014, FSMC formed Quad C Phase I, LLC for which FSMC is the sole member. Quad C Phase I, LLC is a New York limited liability company formed to support the financing infrastructure necessary for its Quad C Building located on the SUNY Poly campus in Utica.

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The by-laws of FRMC and FSMC make each director of NY CREATES, including all ex-officio non-voting advisory representatives, deemed a director or advisory representative of FRMC and FSMC by virtue of being a director or advisory representative of NY CREATES. Further, the officers of NY CREATES serve ex-officio as the officers of FRMC and FSMC in the same office that such individuals hold with NY CREATES. Lastly, each director of NY CREATES serving on a committee of NY CREATES are deemed to have been appointed as a member of the corresponding committee of FRMC and FSMC. The NY CREATES management team manages all projects in the FRMC and FSMC economic development portfolio as well as certain Research Foundation sponsored industry partner programs through coordination with the Research Foundation and SUNY.

Under NY CREATES's bylaws, each of ESD and SUNY has the right to recommend the appointment of two board directors and ESD has the right to consent to the appointment of three additional directors at large. Further, ESD's President and CEO, or his/her designee, and SUNY's Chancellor, or his/her designee, serve as non-voting, non-fiduciary advisory representatives on NY CREATES's board of directors.

For the purpose of these consolidated financial statements, NY CREATES, FRMC and FSMC are collectively referred to as NY CREATES.

(b) Basis of Presentation

The accompanying consolidated financial statements of NY CREATES are presented consistent with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities* (ASC 958), which addresses the presentation of financial statements for not-for-profit entities. NY CREATES classifies its net assets into two categories: without donor restrictions and with donor restrictions. These two net asset categories are further defined as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Included in this net asset category are rental and investment income and grant-related and other support without restrictions imposed by a resource provider.

With Donor Restrictions – Net assets that are subject to donor-imposed restrictions in which the resources, most commonly in the form of grants, are restricted for particular programs. Expiration of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

All transactions between NY CREATES, FRMC, FSMC and Quad C Phase I, LLC have been eliminated in the accompanying consolidated financial statements.

(c) Cash and Cash Equivalents

For purposes of the statements of cash flows, NY CREATES considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(d) Assets Limited as to Use

Assets limited as to use include assets held by trustees under bond indenture agreements, unspent grant proceeds designated for specific nanotechnology initiatives, and funds designated by

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NY CREATES's Board of Directors for capital replacement. Assets limited as to use consist of cash and cash equivalents, which are measured at fair value in the balance sheets. Interest and dividend income and investment income, which may include net realized and unrealized gains and losses on investments, are classified in the consolidated statements of activities consistent with the purpose and any restrictions of the funds.

For the purpose of the consolidated statements of cash flows, restricted cash and cash equivalents included within assets limited as to use are included for the purpose of reconciling the beginning of period and end of period total cash and cash equivalents amounts reported.

(e) Fair Value Measurements

NY CREATES estimates fair value on a valuation framework 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); then to quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active, or models that use inputs that are either directly or indirectly observable (Level 2 measurements); and the lowest priority to unobservable inputs in models (Level 3 measurements).

Cash equivalents, including those within assets limited as to use, are stated at fair value using Level 1 measurements.

(f) Concentration of Credit Risk

Financial instruments which potentially subject NY CREATES to concentrations of credit risk consist primarily of cash equivalents included in assets limited as to use. The risk associated with temporary cash investments is mitigated by the fact that the investments are placed with what management believes are high quality financial institutions.

(g) Land, Buildings and Equipment

Land, buildings (inclusive of condominium units and permanent fixtures) and equipment (inclusive of major movable and fixed equipment and furniture and other improvements) are stated at cost or, if acquired by gift, at fair market value at the date of donation. Upon acquisition or construction of an asset and subsequent placement into service, NY CREATES recognizes depreciation on buildings and equipment, on a straight-line basis, over the estimated useful lives of the assets, which range from 5 to 40 years. Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring these assets (note 7). Assets recorded as capital leases are amortized over the shorter of their lease term or their useful lives. Capital lease amortization is included within depreciation and amortization.

Buildings and equipment, and any other long-lived tangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If circumstances require such a long-lived asset or asset group be tested for possible impairment, NY CREATES first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. If such estimation is

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necessary, fair value is determined using various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals.

Capital assets that are funded by donor grants are released from restriction upon the earlier of the date the asset is placed into service or the date at which it is determined the direct financial benefits associated with the asset are not likely sufficient to support the capitalized cost.

(h) Economic Development Project Costs

In connection with NY CREATES's mission to support the economic development activities that relate to SUNY's research and educational mission, NY CREATES is a party to various arrangements in which New York State grants are provided to NY CREATES to construct, hold title, and lease facilities and equipment to corporate enterprises with the aim of, among other things, promoting job creation and investment in New York State. Such economic development projects generally create jobs and corporate investment in the communities of New York State. However, for certain projects a direct financial return is not received by NY CREATES. At inception of such projects, NY CREATES assesses the economic development program and whether the direct financial consideration to be provided to NY CREATES by corporate parties will support the invested value of the property and equipment for financial reporting purposes. If it is determined that the direct financial benefits associated with ownership of the property and/or equipment are not likely to support the past or on-going capitalized cost, such assets are reduced to the estimated cash flows and residual value that NY CREATES reasonably expects to receive over the life of the property. The difference between the cost to construct the building and purchases of related equipment and the remaining balance is reported as economic development project costs, as costs are incurred, in the accompanying consolidated statements of activities.

(i) Deferred Financing Costs

Deferred financing costs, which relate to the issuance of debt, are amortized ratably over the period the associated debt is outstanding, using the straight-line method. Debt issuance costs and deferred financing costs related to a debt refinancing are presented on the balance sheets as a direct deduction from the associated debt outstanding.

(j) Leases, Rental Income and Lease Obligations

NY CREATES is both a lessor and a lessee and applies the guidance of ASC 842, *Leases*, to account for its lease arrangements.

(i) Rental Income

Rental income represents amounts received from various tenants, including the Research Foundation. The Research Foundation rental income is pursuant to non-cancelable operating leases and strategic alliance agreements.

Lease payments received related to future periods are recorded as deferred rent and are recognized as rental income in the period to which they relate. Rental agreements with escalating rent payment terms, rent holiday, incentives or concessions are recognized as rental income or a deduction from rental income on a straight-line basis over the minimum lease term. Straight-line

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June 30, 2024 and 2023

rent receivable was \$2.6 million and \$6.6 million as of June 30, 2024 and 2023 and is included in rent and related receivables.

(ii) Lease Obligations

When NY CREATES enters into an arrangement to use an asset through an operating lease, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. Key estimates and judgments include how NY CREATES determines (1) the discount rate it uses to discount the unpaid lease payments to present value, (2) lease term and (3) future lease payments.

Topic 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. The incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The lease term generally is the non-cancellable period of the lease. Lease payments include fixed and certain variable lease payments and options to purchase the asset if reasonably certain.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date. The ROU asset is amortized on a straight-line basis over the term of the lease and, along with the periodic interest costs associated with the lease liability, the amortization of this ROU asset is reported as rent expense in the accompanying statement of activities.

(k) Income Taxes

NY CREATES, FRMC and FSMC are tax-exempt organizations under Section 501(c)(3), 501(c)(25), and 501(c)(3) of the Code, respectively. NY CREATES, FRMC and FSMC are exempt from Federal income taxes pursuant to Section 501(a) of the Code. NY CREATES applies the provisions of ASC 740-10, *Accounting for Uncertainty of Income Taxes*, which addresses accounting for uncertainties in income taxes recognized in an entity's consolidated financial statements and prescribes a threshold of more-likely than-not for recognition of tax positions taken or expected to be taken in a tax return. ASC 740-10 also provides guidance on measurement, classification, interest and penalties, and disclosure of tax uncertainties. Management has evaluated ASC 740-10 and concluded that there are no uncertain tax positions that impact NY CREATES's consolidated financial statements for the years ended June 30, 2024 and 2023.

(l) Derivative Instruments and Hedging Activities

NY CREATES enters into interest rate swaps from time to time, in connection with its long-term borrowings. Interest rate swap agreements effectively convert long-term debt issuances from variable interest rates to a fixed interest rate. Interest rate swaps do not relieve NY CREATES from its obligations under the long-term debt issuances.

NY CREATES accounts for derivatives and hedging activities in the balance sheet at their respective fair values. As NY CREATES does not report earnings as a separate caption in a statement of financial performance, it recognizes the change in fair value on all derivative instruments as a change in net assets in the period of change.

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(m) Use of Estimates

Management of NY CREATES must make various estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingencies to prepare these consolidated financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(n) Intercorporate Transfers

Operating support from FRMC for NY CREATES and FSMC (through NY CREATES) was required in fiscal year 2024 and 2023. The total transfer to NY CREATES from FRMC was \$10.1 million and \$12.5 million in fiscal years 2024 and 2023, respectively, of which \$4.5 million and \$4.6 million was subsequently transferred from NY CREATES to FSMC in 2024 and 2023, respectively.

(2) Liquidity

As of June 30, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt or under grant agreements, were as follows:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 30,970,526	29,975,579
Rent and related receivables	169,198	294,796
Due from member	2,600,028	3,004,603
Total financial assets available within one year	\$ 33,739,752	33,274,978

NY CREATES revenues and related operating activities are generally not seasonal in nature. Rent and related receivables and due from member reported in the chart above include only amounts expected to be settled in cash and available within the next twelve months. In addition to the funds reported above, FRMC holds \$1.8 million of funds designated by the board for capital replacement that may be made available for general purposes upon board approval. In addition, NY CREATES has a letter of credit that makes funds available for liquidity needs (note 8). Principal payments on debt are paid by assignment of rents from the Research Foundation (note 7).

NY CREATES is the recipient of grants to reimburse for capital construction, equipment and economic development project costs. Some of these grants have been received in advance and are included in assets limited as to use. As eligible project costs are incurred NY CREATES uses those funds which are included in assets limited as to use or applies for reimbursement from the grantor.

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(3) Land, Buildings and Equipment

Land, buildings, and equipment at June 30 are summarized as follows:

	2024	2023
Land	\$ 6,273,866	6,273,866
Buildings and permanent fixtures	1,016,566,206	1,010,711,134
Furnishings and equipment	36,067,246	34,568,179
	1,058,907,318	1,051,553,179
Less accumulated depreciation	(578,673,529)	(574,710,720)
Land, buildings and equipment, net	\$ 480,233,789	476,842,459

Substantially all of FRMC and FSMC's buildings and equipment are leased to third party corporations or the Research Foundation.

FSMC has executed construction agreements in relation to projects in progress, for which approximately \$1 million of financial commitments are outstanding as of June 30, 2024. In addition, FSMC has financial commitments to purchase equipment for these facilities of approximately \$138 thousand as of June 30, 2024. These represent financial commitments of FSMC, up to the value of grants received and will be funded, in part, with assets whose use is limited.

For the years ended June 30, 2024 and 2023, depreciation expense was \$45.9 million and \$47.0 million, respectively.

FRMC executed a construction agreement in relation to a new project, Nano Fab Reflection, valued at \$546.1 million as of June 30, 2024. The construction of this facility will be funded primarily by ESD grants.

(4) Transactions with Related Parties

(a) Research Foundation

(i) Fiscal Services Agreement and Other Programs

NY CREATES has a Staffing and Fiscal Services Agreement (Fiscal Services Agreement) with the Research Foundation. Pursuant to these Fiscal Services Agreements, certain administrative services are provided by the Research Foundation on NY CREATES behalf. Substantially all the amounts related to such support are reflected in the consolidated statement of activities in contracted services. In addition, the Research Foundation maintains an operating cash account on NY CREATES behalf. Cash held by the Research Foundation on behalf of FRMC and FSMC is reflected as due from member in the accompanying consolidated balance sheet. Transfers to the Research Foundation represent reimbursement of program service cost incurred by the Research Foundation that are supported by NY CREATES grants.

NY CREATES and the Research Foundation executed an Agreement for Staffing and Industry Program Services effective July 1, 2020. Under the terms, NY CREATES paid the Research

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Foundation \$2 million in each of fiscal years 2024 and 2023, which is included in contracted services in the accompanying consolidated financial statements.

(ii) Rental Activities

FRMC leases space to the Research Foundation on behalf of SUNY Poly. FRMC recognized rental and related income from the Research Foundation of approximately \$43.1 million for each of years ended June 30, 2024 and 2023, respectively, of which a small portion is in exchange for certain maintenance. Significant lease commitments include the following:

- In November 2011, FRMC entered into a non-cancelable lease agreement, as amended, with the Research Foundation to lease approximately 140,000 gross square feet of cleanroom and office space in NanoFab X (the 2011 Lease). The 2011 Lease commenced on January 1, 2013 and expires on December 31, 2028. In connection with the 2020 Bonds (note 7), the 2011 Lease was amended and restated. During the lease term, the Research Foundation shall pay to the 2020 Bond Trustee basic lease payments in the annual amount equal to \$36 million and lease payments shall be paid quarterly. Upon satisfaction of the annual 2020 Bond principal and interest amounts, the excess lease payments are remitted to FRMC. The Research Foundation has also entered into access agreements with semiconductor industry partners to provide space in NanoFab X.
- In May of 2005, FRMC entered into a non-cancelable lease agreement with the Research Foundation for approximately 66,243 gross square feet of cleanroom space in the NanoFab South and North buildings (the 2005 Lease). The 2005 Lease, as amended, commenced on May 20, 2005 and expires on September 30, 2035. In connection with the 2020 Bonds (note 7), the 2005 Lease was also amended and restated. During the lease term, the Research Foundation shall pay to the 2020 Bond Trustee basic lease payments in the annual amount equal to \$7 million and lease payments shall be paid quarterly. Upon satisfaction of the annual 2020 Bond principal and interest amounts, the excess lease payments are remitted to FRMC. The Research Foundation has also entered into access agreements with semiconductor industry partners to provide space in these cleanrooms.

Rent proceeds from the NanoFab X, NanoFab South and NanoFab North facilities are used to secure payment of the 2020 Bonds (note 7).

(b) SUNY

FRMC leases the land on which its Nanotech Campus buildings reside from SUNY under land leases which began in 1994, 2011, and 2014. The 1994 lease, as amended in 2005, is for research facilities through 2045. The annual rent is determined by SUNY's Board of Trustees as it deems appropriate. Such amounts have remained at \$1 per year from inception through the year ended June 30, 2024 and is expected to be renewed for the next twelve months with the same terms.

The 2011 lease added approximately 5 acres to the northern most area of the campus, upon which NanoFab X was constructed. The 2011 lease has a term of 40 years and an annual rental cost of \$1 per year. The 2014 lease is for an additional contiguous 6-acre parcel, upon which the Zen building was constructed. This lease is for 40 years with annual rent of \$1 per year over the term of the lease.

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In May 2010, FSMC entered into an agreement to lease certain real property located in Marcy, New York from SUNY. The term of the lease, as amended, is through 2080. FSMC has entered into a sublease agreement with Economic Development Growth Enterprises Corporation (EDGE), which has facilitated the development of certain portions of the property, including the construction of a semi-conductor wafer fabrication facility (Marcy Project) on the property.

(c) State of New York

On January 22, 2013, FRMC entered into a 15 year lease with the State of New York for 10,000 square feet of data center space in NanoFab X and 30,000 square feet of data center and 14,573 square feet of office space in the Zen building. FRMC recognized rental income from the State of New York of approximately \$7.3 million and \$7.8 million for the years ended June 30, 2024 and 2023, respectively.

(5) Rental Revenue

NY CREATES leases space to various tenants, including the Research Foundation and the State of New York (note 4), which are under non-cancelable operating leases. Following is a summary of minimum rental income from these agreements for the next five years and thereafter as of June 30, 2024:

	<u>FRMC</u>	<u>FSMC</u>	<u>Total</u>
2025	\$ 59,718,547	609,495	60,328,042
2026	54,165,221	698,977	54,864,198
2027	51,310,670	799,087	52,109,757
2028	51,245,549	531,664	51,777,213
2029	32,330,199	198,652	32,528,851
Subsequent	54,795,757	969,461	55,765,218

(6) Lease Obligations

Amounts reported in the consolidated balance sheets as of June 30, were as follows:

		<u>2024</u>	<u>2023</u>
FRMC			
	ROU assets	\$ —	12,642
	Lease liabilities	—	9,559
FSMC			
	ROU assets	\$ 15,115,334	16,479,124
	Lease liabilities	16,473,128	17,551,102
Total			
	ROU assets	\$ 15,115,334	16,491,766
	Lease liabilities	16,473,128	17,560,661

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The components of rent expense for the years ended June 30, were as follows:

	2024	2023
FRMC		
Amortization of ROU assets	\$ 12,642	25,285
Interest on lease liabilities	155	1,898
Term ended: October 20, 2023		
Incremental borrowing rate: 7.75%		
FSMC		
Amortization of ROU assets	\$ 1,363,790	1,363,790
Interest on lease liabilities	481,188	515,963
Term ends: July 1, 2034		
Incremental borrowing rate: 2.7%		
Total	\$ 1,857,775	1,906,936

Future operating lease payments at June 30, 2024 are as follows:

	FSMC
Year ending June 30:	
2025	\$ 1,559,162
2026	1,663,838
2027	1,673,353
2028	1,673,353
2029	1,673,353
Thereafter	10,753,150
Total undiscounted operating lease payments	18,996,209
Less net present value adjustment	(2,523,081)
Lease liability	\$ 16,473,128

Finance Lease

During 2014, FRMC entered into a finance lease for a building to be used with respect to the Tech Valley High School building located on the SUNY Poly campus in Albany which is reflected in buildings and

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permanent fixtures in land, buildings, and equipment. Future minimum lease payments, under the finance lease obligation, are as follows, as of June 30, 2024:

Year ending June 30:		
2025	\$	771,367
2026		777,538
2027		777,538
2028		777,538
2029		777,538
Thereafter		<u>4,162,694</u>
Total minimum lease payments		8,044,213
Less amounts representing imputed interest (rate of 5.7%)		<u>1,962,813</u>
Present value of net minimum lease payments	\$	<u><u>6,081,400</u></u>

FRMC receives annual rental payments from Questar III Board of Cooperative Educational Services that substantially offset the annual capital lease payments.

(7) Long-Term Debt

Long term debt consists of the following at June 30:

	2024	2023
Taxable revenue bonds, Series 2020	\$ 218,280,000	247,755,000
Less:		
Unamortized deferred financing costs	<u>(1,014,427)</u>	<u>(1,718,513)</u>
Long-term debt, net	<u>\$ 217,265,573</u>	<u>246,036,487</u>

Series 2020

On April 15, 2020, the New York Transportation Development Corporation issued \$318.0 million of Series 2020 taxable lease revenue refunding bonds (Series 2020 Bonds). The proceeds of the bonds were used to defease or redeem FRMC's previously outstanding Series 2005A, 2007, 2014A and 2014B bonds and the NFX Credit Agreement, terminate the associated interest rate swap agreements and pay the cost of issuance. The Series 2020 bonds are term bonds with a fixed interest rate of 4.248% and fully amortize over a 15-year term. Principal payments are due annually on September 1; interest payments are due semi-annually on September 1 and March 1. The Series 2020 bonds are secured by the assignment of rents from two leases with the Research Foundation (note 4) and include a requirement that the Research Foundation pay those rents directly to the Bond Trustee.

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Debt issuance costs of approximately \$2.5 million are being recognized ratably as interest expense over the term of the Series 2020 Bonds.

The following are the required principal payments on long term debt for the next five years and subsequent periods as of June 30, 2024:

Year ending June 30:	
2025	\$ 30,725,000
2026	32,030,000
2027	33,390,000
2028	34,810,000
2029	36,290,000
Subsequent	<u>51,035,000</u>
	<u>\$ 218,280,000</u>

Under the terms of the bond indentures, NY CREATES established certain bank accounts with the bond trustee. Included in the accompanying consolidated financial statements, classified as assets limited as to use, are NY CREATES's balances in these funds at June 30 as follows:

	<u>2024</u>	<u>2023</u>
Series 2020 Bonds:		
Bond revenue	\$ 767,116	12,886
Bond sinking fund	23,043,750	22,106,250
Bond interest	<u>2,318,135</u>	<u>2,631,158</u>
	<u>26,129,001</u>	<u>24,750,294</u>
Building loan and amended loan agreement:		
Capital/maintenance reserve	<u>—</u>	<u>628,296</u>
	<u>—</u>	<u>628,296</u>
	<u>\$ 26,129,001</u>	<u>25,378,590</u>

(8) Line of Credit

In March 2013, FRMC entered into an unsecured line of credit facility with M&T Bank with an available limit of \$15.0 million. In January 2024, FRMC executed an amendment to increase the borrowing limit for one year, to \$41 million, which will expire on January 26, 2025. Funds available under the line are available for the short-term liquidity needs of FRMC and borrowings are payable on demand. The line of credit bears interest at monthly LIBOR plus 2.25%, as amended, and requires NY CREATES to meet certain financial covenants on a periodic basis. The outstanding balance on the line of credit was approximately \$8.4 million and \$8.9 million at June 30, 2024 and 2023, respectively.

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(9) Commitments and Contingencies

From time to time, NY CREATES is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, as of June 30, 2024, the ultimate disposition of these matters will not have a material adverse effect on NY CREATES's financial position, results of operations, or liquidity.

(10) Functional Expenses

The statements of operations present expenses by natural classification. NY CREATES also summarizes its expenses by functional classification. NY CREATES's primary program service is facilities and related property management. There are no natural expenses attributed to more than one functional expense category and accordingly there are no cost allocation techniques utilized.

Expenses by functional classification for the year ended June 30, 2024, consist of the following:

	Facilities and related property management	Administrative	Total
Operating expenses:			
Contracted services	\$ 3,932,003	5,484,775	9,416,778
Repairs, maintenance, and PILOT	4,126,441	—	4,126,441
Utilities	2,601,796	—	2,601,796
Rent and rent related	2,569,887	—	2,569,887
Insurance and other	2,923,482	1,138,097	4,061,579
Professional fees	351,414	995,626	1,347,040
Interest expense	11,460,135	—	11,460,135
Depreciation and amortization	45,870,530	—	45,870,530
Economic development project costs, net	5,185,141	—	5,185,141
	<u>\$ 79,020,829</u>	<u>7,618,498</u>	<u>86,639,327</u>

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Expenses by functional classification for the year ended June 30, 2023, consist of the following:

	Facilities and related property management	Administrative	Total
Operating expenses:			
Contracted services	\$ 3,756,373	5,879,873	9,636,246
Repairs, maintenance, and PILOT	4,624,129	—	4,624,129
Utilities	3,743,010	—	3,743,010
Rent	2,630,801	—	2,630,801
Insurance and other	2,249,015	1,165,770	3,414,785
Professional fees	83,464	1,379,039	1,462,503
Interest expense	12,575,233	—	12,575,233
Depreciation and amortization	47,024,144	—	47,024,144
Economic development project costs, net	1,927,130	—	1,927,130
	<u>\$ 78,613,299</u>	<u>8,424,682</u>	<u>87,037,981</u>

(11) Subsequent Events

NY CREATES considers events or transactions that occur after the balance sheet date, but before the consolidated financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These consolidated financial statements were issued on December 19, 2024 and subsequent events have been evaluated through that date. On December 13, 2024, NY CREATES sold its property at Collamer Crossing, near Syracuse, for approximately \$20.0 million, which had a net book value of approximately \$2.4 million as of June 30, 2024.

FULLER ROAD MANAGEMENT CORPORATION

Balance Sheets

June 30, 2024 and 2023

Assets	2024	2023
Cash and cash equivalents	\$ 21,411,460	19,762,155
Rent and related receivables	18,734,982	4,098,907
Due from member	2,046,313	2,416,487
Prepaid expenses	120	—
	<u>42,192,875</u>	<u>26,277,549</u>
Assets limited as to use:		
By debt agreements	26,129,001	24,750,294
Under grant agreements	82,312	81,680
By board for capital replacement	<u>1,829,555</u>	<u>1,815,515</u>
	28,040,868	26,647,489
Land, buildings and equipment, net	458,488,263	453,975,785
Right-of-use-assets – operating leases	—	12,642
Other assets	<u>86,726</u>	<u>142,378</u>
Total assets	<u>\$ 528,808,732</u>	<u>507,055,843</u>
Liabilities and Net Assets		
Liabilities:		
Accrued interest payable	\$ 3,090,845	3,508,211
Construction and other costs payable	16,643,175	357,046
Line of credit	8,438,391	8,938,391
Capital lease payable	6,081,400	6,463,376
Lease liability – operating leases	—	9,559
Long term debt, net	217,265,573	246,036,487
Unearned revenue	137,738	137,738
Deferred rental revenue	<u>4,358,984</u>	<u>4,475,024</u>
Total liabilities	<u>256,016,106</u>	<u>269,925,832</u>
Commitments and contingencies		
Net assets:		
Net assets without donor restrictions	224,349,640	236,891,608
Net assets with donor restrictions	<u>48,442,986</u>	<u>238,403</u>
Total net assets	<u>272,792,626</u>	<u>237,130,011</u>
Total liabilities and net assets	<u>\$ 528,808,732</u>	<u>507,055,843</u>

See accompanying independent auditors report.

FULLER ROAD MANAGEMENT CORPORATION

Statements of Activities

Years ended June 30, 2024 and 2023

	2024			2023		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
Support and revenue:						
Rental revenue and other support	\$ 62,277,759	—	62,277,759	61,820,694	—	61,820,694
Grants and other contributions	—	48,204,583	48,204,583	—	133,814	133,814
Interest and dividends	372,692	—	372,692	74,629	—	74,629
Total support and revenue	62,650,451	48,204,583	110,855,034	61,895,323	133,814	62,029,137
Expenses and equity transfers:						
Contracted services	2,431,816	—	2,431,816	2,404,069	—	2,404,069
Repairs, maintenance and PILOT	2,783,586	—	2,783,586	2,377,063	—	2,377,063
Utilities	2,469,621	—	2,469,621	3,647,314	—	3,647,314
Insurance and other	627,011	—	627,011	703,012	—	703,012
Professional fees	405,076	—	405,076	471,078	—	471,078
Interest expense	11,460,135	—	11,460,135	12,500,153	—	12,500,153
Depreciation and amortization	44,899,265	—	44,899,265	45,858,544	—	45,858,544
Economic development project costs, net	—	—	—	250,000	—	250,000
Transfers to member	10,115,909	—	10,115,909	12,502,814	—	12,502,814
Total expenses and transfers	75,192,419	—	75,192,419	80,714,047	—	80,714,047
(Decrease) increase in net assets	(12,541,968)	48,204,583	35,662,615	(18,818,724)	133,814	(18,684,910)
Net assets, beginning of year	236,891,608	238,403	237,130,011	255,710,332	104,589	255,814,921
Net assets, end of year	\$ 224,349,640	48,442,986	272,792,626	236,891,608	238,403	237,130,011

See accompanying independent auditors report.

FULLER ROAD MANAGEMENT CORPORATION

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating activities:		
Change in net assets	\$ 35,662,615	(18,684,910)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	44,899,265	45,858,545
Economic development cost	—	250,000
Amortization of deferred financing cost	870,808	805,377
Grants and contributions restricted for capital projects	—	(133,814)
Transfers to member	10,115,909	12,502,814
Transfer from member	(48,204,583)	—
Changes in assets:		
Rent and other receivables	(14,636,075)	565,306
Due from member	370,174	559,297
Prepaid expenses	(120)	247
Right-of-use-assets - operating leases	12,642	25,285
Other assets	55,653	(25,804)
Changes in liabilities:		
Construction and other costs payable	197,633	(255,581)
Deferred rent and deferred revenue	(116,040)	(623,911)
Unearned revenue	—	137,738
Lease liability - operating leases	(9,559)	(27,243)
Accrued interest payable	(417,366)	(400,304)
Net cash provided by operating activities	<u>28,800,956</u>	<u>40,553,042</u>
Investing activities:		
Transfers to member	(10,115,909)	(12,502,814)
Transfer from member	48,204,583	—
Construction and equipment additions and project development costs	(33,489,970)	(3,104,331)
Net cash provided by (used in) investing activities	<u>4,598,704</u>	<u>(15,607,145)</u>
Financing activities:		
Principal payment on long-term debt	(29,475,000)	(28,270,000)
Payment on line of credit	(5,615,163)	(1,000,000)
Payments on capital lease	(381,976)	(360,862)
Borrowing on line of credit	5,115,163	—
Grants and contributions restricted for capital projects	—	133,814
Net cash used in financing activities	<u>(30,356,976)</u>	<u>(29,497,048)</u>
Net increase (decrease) in cash and cash equivalents	3,042,684	(4,551,151)
Cash and cash equivalents, beginning of year	<u>46,409,644</u>	<u>50,960,795</u>
Cash and cash equivalents, end of year	<u>\$ 49,452,328</u>	<u>46,409,644</u>
Supplemental disclosure of cash flow information:		
Assets limited as to use included in cash and cash equivalents	\$ 28,040,868	26,647,489
Cash paid for interest	10,958,252	12,095,079

See accompanying independent auditors report.

FORT SCHUYLER MANAGEMENT CORPORATION

Balance Sheets

June 30, 2024 and 2023

Assets	2024	2023
Cash and cash equivalents	\$ 3,142,895	3,119,360
Rent and related receivables	137,798	2,751,191
Due from member	197,075	208,922
	<u>3,477,768</u>	<u>6,079,473</u>
Assets limited as to use:		
By debt agreements	—	628,296
Under grant agreements	61,637,448	65,809,285
	61,637,448	66,437,581
Land, buildings and equipment, net	21,100,357	22,866,674
Right-of-use-assets – operating leases	15,115,334	16,479,124
Total assets	<u>\$ 101,330,907</u>	<u>111,862,852</u>
Liabilities and Net Assets		
Liabilities:		
Construction and other costs payable	\$ 5,308,358	3,403,347
Lease liability – operating leases	16,473,128	17,551,102
Unearned grant funds	49,332,229	54,517,370
Deferred rental revenue	125,034	304,686
Total liabilities	<u>71,238,749</u>	<u>75,776,505</u>
Commitments and contingencies		
Net assets:		
Net assets without donor restrictions	<u>30,092,158</u>	<u>36,086,347</u>
Total net assets	<u>30,092,158</u>	<u>36,086,347</u>
Total liabilities and net assets	<u>\$ 101,330,907</u>	<u>111,862,852</u>

See accompanying independent auditors report.

FORT SCHUYLER MANAGEMENT CORPORATION

Statements of Activities

Years ended June 30, 2024 and 2023

	2024			2023		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
Support and revenue:						
Rental revenue and other support	\$ 200,065	—	200,065	5,880,582	—	5,880,582
Grant and other contributions	4,466,403	5,185,141	9,651,544	11,848,244	1,677,130	13,525,374
Net assets released from restrictions:						
Satisfaction of construction of facilities restrictions	5,185,141	(5,185,141)	—	1,677,130	(1,677,130)	—
Total support and revenue	9,851,609	—	9,851,609	19,405,956	—	19,405,956
Expenses:						
Contracted services	1,626,513	—	1,626,513	1,500,972	—	1,500,972
Repairs, maintenance and PILOT	1,272,401	—	1,272,401	2,145,714	—	2,145,714
Utilities	132,175	—	132,175	95,696	—	95,696
Rent	2,569,887	—	2,569,887	2,630,801	—	2,630,801
Insurance and other	2,863,062	—	2,863,062	2,304,319	—	2,304,319
Professional fees	430,303	—	430,303	372,749	—	372,749
Interest	—	—	—	60,080	—	60,080
Depreciation and amortization	959,198	—	959,198	1,165,600	—	1,165,600
Economic development project costs, net	5,185,141	—	5,185,141	1,677,130	—	1,677,130
Total expenses and transfers	15,038,680	—	15,038,680	11,953,061	—	11,953,061
(Decrease) increase in net assets, before other changes in net assets	(5,187,071)	—	(5,187,071)	7,452,895	—	7,452,895
Other changes in net assets:						
Change in fair value of interest rate swap	—	—	—	(7,173)	—	(7,173)
Loss on Sale of Facility	(807,118)	—	(807,118)	—	—	—
(Decrease) increase in net assets	(5,994,189)	—	(5,994,189)	7,445,722	—	7,445,722
Net assets, beginning of year	36,086,347	—	36,086,347	28,640,625	—	28,640,625
Net assets, end of year	\$ 30,092,158	—	30,092,158	36,086,347	—	36,086,347

See accompanying independent auditors report.

FORT SCHUYLER MANAGEMENT CORPORATION

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating activities:		
Change in net assets	\$ (5,994,189)	7,445,722
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	959,198	1,165,600
Non-cash rent expense	285,817	320,589
Amortization of deferred financing cost	—	14,374
Loss on sale of facility	807,118	—
Bad debt allowance	435,189	—
Economic development cost	5,185,141	1,677,130
Change in value of interest rate swap	—	7,173
Change in assets:		
Rent and other receivables	2,178,204	97,001
Due from member	11,847	(67,788)
Change in liabilities:		
Construction and other expenses payable	(53,090)	3,434
Deferred rent and deferred revenue	(179,652)	(142,814)
Unearned grant funds	(5,185,141)	5,712,870
Accrued interest payable	—	(22,363)
Net cash (used in) provided by operating activities	<u>(1,549,558)</u>	<u>16,210,928</u>
Investing activities:		
Construction and equipment additions and project development costs	<u>(3,227,040)</u>	<u>(2,532,903)</u>
Net cash used in investing activities	<u>(3,227,040)</u>	<u>(2,532,903)</u>
Financing activities:		
Payments on amended loan agreement	—	(9,107,250)
Payments on supplemental loan note	—	(77,402)
Net cash used in financing activities	<u>—</u>	<u>(9,184,652)</u>
Net (decrease) increase in cash and cash equivalents	(4,776,598)	4,493,373
Cash and cash equivalents, beginning of year	<u>69,556,941</u>	<u>65,063,568</u>
Cash and cash equivalents, end of year	<u>\$ 64,780,343</u>	<u>69,556,941</u>
Supplemental disclosure of cash flow information:		
Assets limited as to use included in cash and cash equivalents	\$ 61,637,448	66,437,581
Cash paid for interest	—	68,070

See accompanying independent auditors report.

FORT SCHUYLER MANAGEMENT CORPORATION

Schedule of Increases (Decreases) in Net Assets without Donor Restrictions

Year ended June 30, 2024

	<u>Quad C</u>	<u>Key Center</u>	<u>All other</u>	<u>Total</u>
Support and revenue:				
Rental revenue and other support	\$ 186,105	267,137	(253,177)	200,065
Grants and other contributions	2,125,465	—	7,526,079	9,651,544
Total support and revenue	<u>2,311,570</u>	<u>267,137</u>	<u>7,272,902</u>	<u>9,851,609</u>
Expenses:				
Contracted services	—	—	1,626,513	1,626,513
Repairs, maintenance and PILOT	—	126,435	1,145,966	1,272,401
Utilities	10,003	9,380	112,792	132,175
Rent	—	—	2,569,887	2,569,887
Insurance and other	361,564	34,428	2,467,070	2,863,062
Professional fees	16,867	27,009	386,427	430,303
Depreciation and amortization	—	13,572	945,626	959,198
Economic development project costs, net	2,125,465	—	3,059,676	5,185,141
Total expenses and transfers	<u>2,513,899</u>	<u>210,824</u>	<u>12,313,957</u>	<u>15,038,680</u>
(Decrease) increase in net assets, before other changes in net assets	<u>(202,329)</u>	<u>56,313</u>	<u>(5,041,055)</u>	<u>(5,187,071)</u>
Other changes in net assets:				
Loss on sale of facility	—	(807,118)	—	(807,118)
	—	(807,118)	—	(807,118)
Decrease in net assets	<u>\$ (202,329)</u>	<u>(750,805)</u>	<u>(5,041,055)</u>	<u>(5,994,189)</u>

See accompanying independent auditors report.

**NEW YORK CENTER FOR RESEARCH, ECONOMIC ADVANCEMENT,
TECHNOLOGY, ENGINEERING AND SCIENCE CORPORATION**

Balance Sheets

June 30, 2024 and 2023

Assets	2024	2023
Cash and cash equivalents	\$ 6,416,171	7,094,064
Rent and related receivables	115,306	—
Due from member	356,640	379,194
Prepaid expenses	99,000	65,000
	<u>6,987,117</u>	<u>7,538,258</u>
Assets limited as to use:		
Under grant agreements	41,464,903	—
	<u>41,464,903</u>	<u>—</u>
Land, buildings and equipment, net	645,169	—
Total assets	<u>\$ 49,097,189</u>	<u>7,538,258</u>
Liabilities and Net Assets		
Liabilities:		
Construction and other costs payable	\$ 16,790,307	43,347
Unearned grant funds	40,874,278	—
Total liabilities	<u>57,664,585</u>	<u>43,347</u>
Net assets:		
Net assets without donor restrictions	(45,693,118)	2,494,911
Net assets with donor restrictions	37,125,722	5,000,000
Total net assets	<u>(8,567,396)</u>	<u>7,494,911</u>
Total liabilities and net assets	<u>\$ 49,097,189</u>	<u>7,538,258</u>

See accompanying independent auditors report.

**NEW YORK CENTER FOR RESEARCH, ECONOMIC ADVANCEMENT,
TECHNOLOGY, ENGINEERING AND SCIENCE CORPORATION**

Statements of Activities

Years ended June 30, 2024 and 2023

	2024			2023		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
Support and revenue:						
Rental revenue and other support	\$ 845,915	—	845,915	—	—	—
Grant and other contributions	10,161,179	32,125,722	42,286,901	12,502,814	5,000,000	17,502,814
Total support and revenue	<u>11,007,094</u>	<u>32,125,722</u>	<u>43,132,816</u>	<u>12,502,814</u>	<u>5,000,000</u>	<u>17,502,814</u>
Expenses:						
Contracted services	5,358,449	—	5,358,449	5,731,205	—	5,731,205
Repairs, maintenance and PILOT	70,454	—	70,454	101,352	—	101,352
Insurance and other	571,506	—	571,506	422,454	—	422,454
Professional services	511,661	—	511,661	618,676	—	618,676
Depreciation and amortization	12,067	—	12,067	—	—	—
Transfer to member	52,670,986	—	52,670,986	4,569,180	—	4,569,180
Total expenses and transfers	<u>59,195,123</u>	<u>—</u>	<u>59,195,123</u>	<u>11,442,867</u>	<u>—</u>	<u>11,442,867</u>
(Decrease) increase in net assets, before other changes in net assets	<u>(48,188,029)</u>	<u>32,125,722</u>	<u>(16,062,307)</u>	<u>1,059,947</u>	<u>5,000,000</u>	<u>6,059,947</u>
(Decrease) increase in net assets	(48,188,029)	32,125,722	(16,062,307)	1,059,947	5,000,000	6,059,947
Net assets, beginning of year	<u>2,494,911</u>	<u>5,000,000</u>	<u>7,494,911</u>	<u>1,434,964</u>	<u>—</u>	<u>1,434,964</u>
Net assets, end of year	<u>\$ (45,693,118)</u>	<u>37,125,722</u>	<u>(8,567,396)</u>	<u>2,494,911</u>	<u>5,000,000</u>	<u>7,494,911</u>

See accompanying independent auditors report.

**NEW YORK CENTER FOR RESEARCH, ECONOMIC ADVANCEMENT,
TECHNOLOGY, ENGINEERING AND SCIENCE CORPORATION**

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating activities:		
Change in net assets	\$ (16,062,307)	6,059,947
Depreciation and amortization	12,067	—
Grants and contributions for capital projects	(32,125,722)	(5,000,000)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets:		
Rent and other receivables	(115,306)	—
Due from member	22,553	(239,193)
Prepaid expenses	(34,000)	34,500
Changes in liabilities:		
Construction and other costs payable	16,746,961	28,779
Unearned grant funds	40,874,278	—
Net cash provided by operating activities	<u>9,318,524</u>	<u>884,033</u>
Investing activities:		
Construction and equipment additions and project development costs	<u>(657,236)</u>	—
Net cash used in investing activities	<u>(657,236)</u>	—
Financing activities:		
Grants and contributions restricted for capital projects	<u>32,125,722</u>	<u>5,000,000</u>
Net cash provided by financing activities	<u>32,125,722</u>	<u>5,000,000</u>
Net increase in cash and cash equivalents	40,787,010	5,884,033
Cash and cash equivalents, beginning of year	<u>7,094,064</u>	<u>1,210,031</u>
Cash and cash equivalents, end of year	<u>\$ 47,881,074</u>	<u>7,094,064</u>
Supplemental disclosure of cash flow information:		
Assets limited as to use included in cash and cash equivalents	\$ 41,464,903	—

See accompanying independent auditors report.