

ALBANY COUNTY PINE HILLS LAND AUTHORITY

**Financial Statements as of
December 31, 2025
Together with
Independent Auditor's Report**

ALBANY COUNTY PINE HILLS LAND AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

March 12, 2026

To the Board of Directors of the
Albany County Pine Hills Land Authority:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Albany County Pine Hills Land Authority (the Organization), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Organization'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 Organization as of December 31, 2025, and the changes in financial position and its cash flows for the period 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, 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.

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 Organization'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.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2026 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

ALBANY COUNTY PINE HILLS LAND AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2025

This section of the Albany County Pine Hills Land Authority (the Organization) annual financial report presents our discussion and analysis of the Organization's financial performance during the year ended December 31, 2025, and should be read in conjunction with the financial statements and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

During 2025, the Organization was established as a local authority for the primary purpose of acquiring and developing the former College of St. Rose properties.

The statement of net position and the statement of revenue, expenses, and change in net position report information about the Organization as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses would be accounted for regardless of when cash is received or paid.

These two statements report the Organization's net position and changes in net position from one year to the next. The Organization's net position, the difference between assets and liabilities, is one way to measure the Organization's financial health or financial position. Over time, increases or decreases in the Organization's net position are one indicator of whether its financial health is improving or deteriorating.

Additionally, the statement of cash flows provides information about the Organization's cash receipts, cash disbursements, and net changes in cash resulting from operating, financing and investing activities.

FINANCIAL ANALYSIS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2025, the Organization had activity consisting primarily around the acquisition of property through the issuance of long-term bonds, campus operations and support from Albany County. In connection with the issuance of its outstanding bonds, the Organization is required under the terms of the bond indenture to maintain a Debt Service Reserve Fund, which management reviews regularly. During March 2026, the Organization has an excess of approximately \$1.6 million that was used to pay down principal on the outstanding debt.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The financial statements also include notes that explain the information in the financial statements. They are essential to a full understanding of the data provided in the financial statements.

CONTACTING THE ORGANIZATION'S FINANCIAL MANAGEMENT

The financial report is designed to provide the public with a general overview of the Organization's finances and to demonstrate accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the Albany County Pine Hills Land Authority at 111 Washington Avenue, Suite 100, Albany, New York 12210.

ALBANY COUNTY PINE HILLS LAND AUTHORITY

STATEMENT OF NET POSITION DECEMBER 31, 2025

ASSETS

CURRENT ASSETS:

Cash	\$ 170,335
Due from Albany County	861,781
Prepaid expenses	246,004
Accrued interest	<u>12,697</u>

Total current assets 1,290,817

DEBT SERVICE FUND HELD BY TRUSTEE 4,120,259

CAPITAL ASSETS, net 4,558

INVENTORY - ST. ROSE PROPERTIES 35,000,000

TOTAL ASSETS 40,415,634

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Accounts payable	546,837
Current portion of bond payable	5,976,620
Accrued interest payable	1,426,815
Unearned revenue	208,123
Accrued expenses	6,703
Due to the Alliance	<u>6,513</u>

Total current liabilities 8,171,611

BOND PAYABLE, net 34,493,380

TOTAL LIABILITIES 42,664,991

NET POSITION:

Net investment in capital assets	4,558
Restricted	4,120,259
Unrestricted	<u>(6,374,174)</u>
	<u>(2,249,357)</u>

\$ 40,415,634

The accompanying notes are an integral part of these statements.

ALBANY COUNTY PINE HILLS LAND AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2025

OPERATING REVENUES:

Albany County grants	\$ 4,527,415
Rental income	<u>14,790</u>
Total operating revenues	<u>4,542,205</u>

OPERATING EXPENSES:

Insurance	1,044,476
Utilities	852,381
Professional fees	852,326
Salaries and benefits	728,654
Repairs and maintenance	413,789
Depreciation	156,100
Management fees	150,000
Office expense	84,124
Advertising	32,763
Vehicle	5,373
Travel	265
Miscellaneous	<u>128</u>
Total operating expenses	<u>4,320,379</u>

Operating income 221,826

NON-OPERATING REVENUES (EXPENSES):

Bond issuance costs	(966,713)
Interest income	129,948
Interest expense	<u>(1,426,815)</u>

Total non-operating revenues (expenses) (2,263,580)

CHANGE IN NET POSITION (2,041,754)

NET POSITION - BEGINNING OF YEAR (207,603)

NET POSITION - END OF YEAR \$ (2,249,357)

The accompanying notes are an integral part of these statements.

ALBANY COUNTY PINE HILLS LAND AUTHORITY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Payments received from grants	\$ 3,873,757
Payments received for rental income	14,790
Payments for operating expenses	<u>(4,057,833)</u>
Net cash used by operating activities	<u>(169,286)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of capital assets	(163,666)
Purchase of inventory - St. Rose properties	<u>(35,000,000)</u>
Net cash provided by investing activities	<u>(35,163,666)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Deposits held by trustee	(4,000,000)
Issuance of debt	40,470,000
Cash paid for bond issuance costs	<u>(966,713)</u>
Net cash used by financing activities	<u>35,503,287</u>
CHANGE IN CASH	170,335
CASH - BEGINNING OF YEAR	<u>-</u>
CASH - END OF YEAR	<u>\$ 170,335</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 221,826
Depreciation	156,100
Changes in operating assets and liabilities:	
Due from Albany County	(861,781)
Prepaid expenses	(246,004)
Accounts payable	546,837
Unearned revenue	208,123
Accrued expenses	6,703
Due to the Alliance	<u>(201,090)</u>
Net cash used by operating activities	<u>\$ (169,286)</u>

The accompanying notes are an integral part of these statements.

ALBANY COUNTY PINE HILLS LAND AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

1. THE ORGANIZATION

The Albany County Pine Hills Land Authority (the Organization) is a local authority of the State of New York authorized under Title 28-C of the Public Authorities Law. The Organization's mission is to stimulate and promote economic development in Albany County through the acquisition and development of the former College of Saint Rose properties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

Estimates

The preparation of 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Custodial credit risk related to cash deposits is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Organization's investment policy, all deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Corporation (FDIC) shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks on cash. At December 31, 2025, all cash deposits were full insured.

Debt Service Fund Held by Trustee

In connection with the issuance of its outstanding bonds, the Organization is required under the terms of the bond indenture to maintain a Debt Service Reserve Fund. The required reserve balance is equal to the maximum annual debt service on the bonds (or as otherwise defined in the bond agreement). Amounts held in the Debt Service Reserve Fund are restricted and may only be used for the payment of principal and interest on the bonds in the event of a debt service deficiency.

The debt service funds held by trustee are invested in U.S. Government securities, which are stated at fair value. Fair value is determined using quoted market prices. Interest income is recognized on the accrual basis. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near-term and those changes could materially affect the amounts reported in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, consisting of furniture and equipment, are stated at cost at the date of acquisition or at fair value if acquired by donation, net of accumulated depreciation computed on a straight-line basis over the estimated useful lives of the respective assets, which range from 3 to 10 years.

Repairs and maintenance are charged to operations as incurred while significant additions and improvements with a cost of \$1,000 or greater and an estimated useful life of more than one year are capitalized. When assets are sold, retired, or otherwise disposed of, the applicable costs and accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized.

Inventory – St. Rose Properties

Inventory represents buildings, related improvements, and land held by the Organization. The Organization primarily acquired its inventory primarily for the purpose of developing the former College of St. Rose properties.

The properties are recorded at the time of acquisition at the lower of net book value or fair value, less the cost to sell. Fair value is defined as the estimated sales price based upon information available. Costs to sell include acquisition value, renovation costs, and other costs that enhance the property's market value. The nature of the Organization's properties acquired are such that often times typically capitalizable expenses for improvement of properties are not included in the value of property held for resale and are instead expensed as incurred. This is because it may not be possible to recoup all the costs of improvements at the time a property is sold.

Revenue Recognition

Albany County Grant

The Organization's obligation is to maintain and operate the properties of the former College of Saint Rose. These obligations are satisfied, and revenue is recognized, as the Organization provides the related services each quarter. Grant revenue is determined based on the expenses incurred by the Organization in maintaining these properties. Any funds received in advance of the satisfaction of these obligations are recorded as unearned revenue. Any funds earned but not yet received are recorded as amounts due from Albany County.

Rental Income

The Organization owns properties that were previously available for public rental through the College, including the amphitheater, conference rooms, and lecture halls. The Organization continues to make these facilities available to individuals, clubs, and other organizations for rental use. Rental revenue is recognized when the performance obligation has been satisfied, which occurs upon completion of the rental period and the renter's use of the space. Revenue is measured based on the contractual rental rate agreed upon at the time of booking.

Classification of Revenue and Expenses

Operating revenues are those that result from the provision of services related to the Organization's principal purposes and are generally associated with exchange transactions. Nonoperating revenues result from activities that are not directly related to the Organization's principal purposes.

Income Taxes

The Organization is a not-for-profit public benefit organization and is exempt from income taxes under the New York State Article 14 as a local development organization. Accordingly, no provision for taxes have been made.

3. INVENTORY – ST. ROSE PROPERTIES

During 2025, the Organization acquired seventy-three buildings from the closure of the College of Saint Rose. The Organization’s activity related to property held for sale during fiscal year ending December 31, 2025 was as follows:

<u>Balance at January 1, 2025</u>	<u>Purchased Property Acquisitions</u>	<u>Capital Improvements</u>	<u>Cost of Property Sales</u>	<u>Property Rehabilitation Expense</u>	<u>Balance at December 31, 2025</u>
\$ -	\$ 35,000,000	\$ -	\$ -	\$ -	\$ 35,000,000

4. BOND PAYABLE

Bond payable (a direct borrowing) consisted of Series 2025A Albany County revenue bond (CRS Campus Project - Non-BQ/Tax-Exempt) with a principal amount of \$40,470,000. The bonds are privately placed to a bank at a fixed rate of 4.39%. Interest and principal payments will be made beginning in January 2026 and are scheduled to be repaid by February 2040 during the years ending December 31 as follows:

	<u>Principal</u>	<u>Interest</u>
2026	\$ 5,976,620	\$ 2,377,755
2027	-	1,514,259
2028	-	1,514,259
2029	-	1,514,259
2030	-	1,514,259
2031-2036	19,791,651	6,534,022
2037-2040	<u>14,701,729</u>	<u>1,308,310</u>
Total	<u>\$ 40,470,000</u>	<u>\$ 16,277,123</u>

Interest expense related to the bonds payable was \$1,426,815, which was all accrued for at December 31, 2025.

Bond activity for the year ended December 31, 2025 was as follows:

<u>Balance at January 1, 2025</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2025</u>	<u>Due Within One Year</u>
\$ -	\$ 40,470,000	\$ -	\$ 40,470,000	\$ 5,976,620

5. CONTRACTED SERVICES

The Organization contracts with Advance Albany County Alliance Local Development Corporation (AACCA) to serve as its agent. AACCA provides staff to the Organization to fulfill its mission. Any costs incurred for these services are recorded as management fees on the accompanying Statement of Revenues, Expenses, and Change in Net Position. The Organization incurred \$150,000 for certain administrative cost due to AACCA for the year ended December 31, 2025.

6. SUBSEQUENT EVENTS

During November 2025, the Organization committed the sale of Centennial Hall for approximately \$12 million to the Empire Commons Student Housing, Inc.

During December 2025, the Organization committed to sell five buildings for \$6 million to Albany County. The sales transaction was finalized in January 2026. In addition, the Organization committed to selling 432 Western Avenue and 933 Madison Avenue for approximately \$6.7 million to the Henry Johnson Charter School.

During February 2026, the Organization committed the sale of 1009 Madison Avenue for approximately \$4 million to First Columbia, LLC.

The Organization has evaluated events through March 12, 2026, which is the date the financial statements were available to be issued.

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

March 12, 2026

To the Board of Directors of the
Albany County Pine Hills Land Authority:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Albany County Pine Hills Land Authority (the Organization), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated March 12, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.