



NYSTPBA Holdings, LLC

Financial Statements

December 31, 2014 and 2013



McENERNEY, BRADY & COMPANY

Certified Public Accountants

A division of O'Connor Davies, LLP

Independent Accountants' Review Report

To the Executive Board of NYSTPBA Holdings, LLC

We have reviewed the accompanying statements of financial position of NYSTPBA Holdings, LLC (a not-for-profit corporation) as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United State of America.

McEnerney, Brady & Company

A division of O'Connor Davies, LLP

Livingston, New Jersey
October 26, 2015

McENERNEY, BRADY & COMPANY

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NYSTPBA Holdings, LLC

Statements of Financial Position

	December 31,	
	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash	\$ 42,502	\$ 43,604
Accounts receivable	580	-
Total Current Assets	<u>43,082</u>	<u>43,604</u>
Property and equipment, net	1,964,049	1,324,189
Other Assets		
Closing costs, net	<u>50,645</u>	<u>19,746</u>
	<u>\$ 2,057,776</u>	<u>\$ 1,387,539</u>
 LIABILITIES AND UNRESTRICTED NET ASSETS		
Current Liabilities		
Loan payable, current portion	\$ 51,121	\$ 33,212
Accounts payable and accrued expenses	20,098	17,095
Due to NYSTPBA	<u>264,032</u>	<u>167,617</u>
Total Current Liabilities	335,251	217,924
Loan payable, net of current portion	<u>1,498,417</u>	<u>866,160</u>
Total Liabilities	1,833,668	1,084,084
Unrestricted net assets	<u>224,108</u>	<u>303,455</u>
	<u>\$ 2,057,776</u>	<u>\$ 1,387,539</u>

See independent accountants' review report and notes to financial statements

NYSTPBA Holdings, LLC

Statements of Activities

	Year Ended December 31,	
	2014	2013
REVENUES AND SUPPORT		
Rental income	\$ 207,614	\$ 206,352
Parking lot	<u>21,339</u>	<u>15,483</u>
Total Revenues and Support	<u>228,953</u>	<u>221,835</u>
EXPENSES		
Program service expenses	303,315	214,426
General and administrative expenses	<u>4,985</u>	<u>4,734</u>
Total Expenses	<u>308,300</u>	<u>219,160</u>
Change in Net Assets	(79,347)	2,675
NET ASSETS		
Beginning of year	<u>303,455</u>	<u>300,780</u>
End of year	<u>\$ 224,108</u>	<u>\$ 303,455</u>

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NYSTPBA Holdings, LLC

Statements of Functional Expenses

	Year Ended December 31,	
	2014	2013
PROGRAM SERVICE EXPENSES		
Building expenses	\$ 13,056	\$ -
Depreciation and amortization	48,484	35,668
Insurance	-	10,508
Interest	62,712	54,730
Parking lot expenses	186	-
Property taxes	83,448	63,633
Repairs and maintenance	51,283	16,649
Utilities	44,146	33,238
Total Program Service Expenses	<u>\$ 303,315</u>	<u>\$ 214,426</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting	\$ 3,775	\$ 4,323
Office	1,210	411
Total General and Administrative Expenses	<u>\$ 4,985</u>	<u>\$ 4,734</u>

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NYSTPBA Holdings, LLC

Statements of Cash Flows

	Year Ended December 31,	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (79,347)	\$ 2,675
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	48,484	35,668
Changes in operating assets and liabilities		
Accounts receivable	(580)	-
Accounts payable and accrued expenses	3,003	544
Rent received in advance	-	(11,100)
Due to NYST PBA	96,415	42,000
Net Cash from Operating Activities	<u>67,975</u>	<u>69,787</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(10,040)</u>	<u>(46,757)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Closing costs	(20,957)	-
Principal payments on mortgage payable	<u>(38,080)</u>	<u>(31,047)</u>
Net Cash from Financing Activities	<u>(59,037)</u>	<u>(31,047)</u>
 Net Change in Cash	 (1,102)	 (8,017)
CASH		
Beginning of year	<u>43,604</u>	<u>51,621</u>
 Cash, end of year	 <u>\$ 42,502</u>	 <u>\$ 43,604</u>
SUPPLMENTAL CASH FLOW INFORMATION		
Cash paid during the year:		
Interest	<u>\$ 62,712</u>	<u>\$ 54,730</u>
SUPPLMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Property and equipment financed through mortgage	<u>\$ 674,100</u>	<u>\$ -</u>
Closing costs financed through mortgage	<u>\$ 14,146</u>	<u>\$ -</u>

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NYSTPBA Holdings, LLC

Notes to Financial Statements
December 31, 2014 and 2013

1. Organization

NYSTPBA Holdings, LLC ("Holdings"), was formed on April 1, 2010 in the State of New York, to provide the following:

- Holding title to rental real property
- Turning over the net income after expenses to the Police Benevolent Association New York State Troopers, Inc. (a section 501(c)(5) corporation)

Holdings acquired a commercial building in Albany, New York to provide administrative space to the sole member and affiliate, the Police Benevolent Association of the New York State Troopers, Inc. (the "NYSTPBA") in addition to commercial tenants.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The estimated useful lives of property and equipment, depreciation, accounts payable, accrued expenses, among other accounts, require the significant use of estimates. Actual results could differ from those estimates.

Net Asset Presentation

Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. Temporarily restricted net assets are those whose use is limited by donors to a specific time period or purpose. Permanently restricted net assets are limited by donors for the investment in perpetuity.

Support and Revenue

Rental revenues are recognized on a straight-line basis over the terms of the related leases. Leases typically provide for reimbursement to the Holdings of common area maintenance, real estate taxes and other operating expenses.

Accounts Receivable

Accounts receivable are recorded at the net realizable value and do not bear interest. The allowance for doubtful accounts is the Holdings' best estimate of the amount of probable credit losses in existing receivables. Holdings' determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. These amounts are deemed collectible and no allowance is deemed necessary.

NYSTPBA Holdings, LLC

Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed

In accordance with applicable guidance, long-lived assets, such as property, plant and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future net cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairments recognized in 2014 and 2013.

Assets to be disposed of would be separately presented and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections.

Deferred Financing Fees

Deferred financing fees relate to various costs incurred in connection with closing costs related to the purchase of the building and such costs are being amortized using the interest method over the period of the mortgage on the building. Amortization expense totaled \$4,204 and \$3,034 for the years ended December 31, 2014 and 2013.

Tax Status and Accounting for Uncertainty in Income Taxes

Holdings is a not-for-profit organization that is exempt from Federal and State income taxes under Section 501 (c)(2) of the Internal Revenue Code. Holdings files Form 990 with the Internal Revenue Service.

Holdings recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Holdings had no uncertain tax positions that would require financial statement recognition or disclosure. Holdings is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2011.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon management estimates.

NYSTPBA Holdings, LLC

Notes to Financial Statements
December 31, 2014 and 2013

2. Summary of Significant Accounting Policies (*continued*)

Property and Equipment

Property and equipment is stated at cost. Depreciation is recorded using the straight-line method over the estimated useful life of the assets ranging from 5 – 39 years. Costs related to normal repairs and maintenance is expensed as incurred.

Fair Value Measurements

Holdings follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. 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. All of Holding's investments are valued using Level 1 inputs.

Concentrations of Credit Risk

Financial instruments which potentially subject the Holdings to concentrations of credit risk consist principally of cash and investments. At times, such amounts exceed the current insured amount under the Federal Deposit Insurance Corporation ("FDIC") of \$250,000. Certain cash accounts are maintained at a broker, which insures the balances up to the \$500,000 limit with the Securities Investor Protection Corporation ("SIPC").

3. Property and Equipment

Property and equipment at December 31 consists of the following:

	2014	2013
Buildings	\$ 1,806,300	\$ 1,150,900
Building improvements	168,183	158,143
Land	143,700	125,000
Total	2,118,183	1,434,043
Less: accumulated depreciation	(154,134)	(109,854)
Net	<u>\$ 1,964,049</u>	<u>\$ 1,324,189</u>

Depreciation expense totaled \$44,280 and \$32,634 for the years ended December 31, 2014 and 2013.

NYSTPBA Holdings, LLC

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4. Mortgage Payable

Holdings entered into a \$1,582,000 consolidation mortgage with First Niagara Bank for the purchase of the building located at 48 Howard Street in April 2014. The mortgage was combined with a prior mortgage for the purchase of the building located at 120 State Street in June 2010. The principal is being repaid in monthly payments with interest of \$10,062 over 20 years. The interest rate is 4.5%. The mortgage is collateralized by substantially all assets of Holdings.

Future minimum principal repayments under the agreement are as follows:

2015	\$ 51,121
2016	53,309
2017	55,986
2018	58,595
2019	61,325
Thereafter	<u>1,269,202</u>
Total	1,549,538
Less: current portion	<u>51,121</u>
Long term portion	<u>\$ 1,498,417</u>

5. Rental Income

Holdings entered into a 10 year lease agreement with First Niagara Bank for the rental of commercial space to the bank. Future rental income to Holdings under the agreement are as follows:

2016	\$ 62,506
2017	62,506
2018	62,506
2019	62,506
Thereafter	<u>31,254</u>
Total	<u>\$ 342,081</u>

Holdings is paid monthly rent from the NYSTPBA in the amount of \$11,100 based on an open ended, verbal agreement by the common Board members. Holdings also has two other tenants that pay rent on a monthly basis according to a mutually agreed upon amount.

6. Related Party Transactions

The NYSTPBA paid rent to Holdings in the amount of \$133,200 per year for the years ended December 31, 2014 and 2013. As of December 31, 2014 and 2013, Holdings has an amount due to the NYSTPBA of \$264,032 and \$167,617 for the cost of building improvements.

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7. Subsequent Events

Holdings has evaluated subsequent events occurring after the statement of financial position date through the date of October 26, 2015, which is the date the financial statements were available to be issued. Based on this evaluation, Holdings has determined that no subsequent events have occurred which require disclosure or recognition in the financial statements.

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