



# **NYC TECHNOLOGY DEVELOPMENT CORPORATION**

**A COMPONENT UNIT OF THE CITY OF NEW YORK**

Financial Statements  
(Together with Independent Auditors' Report)

Years Ended June 30, 2016 and 2015

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**NYC TECHNOLOGY DEVELOPMENT CORPORATION  
(A Component Unit of The City of New York)**

**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2016 AND 2015**

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## INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors of  
NYC Technology Development Corporation

We have audited the accompanying financial statements of the governmental activities of NYC Technology Development Corporation ("TDC"), a component unit of The City of New York, which comprise the government-wide statement of net position (deficit) as of June 30, 2016 and the statement of activities for the year then ended, and the general fund balance sheet as of June 30, 2016 and the general fund statement of revenues, expenditures and changes in fund balance for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of NYC Technology Development Corporation as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



### ***Prior Period Financial Statements***

The financial statements of TDC as of and for the year ended June 30, 2015, were audited by other auditors whose report dated September 18, 2015 expressed an unmodified opinion on those statements.

### ***Emphasis of Matter***

As part of our audit of the June 30, 2016 financial statements, we also audited the adjustments described in Note 5 that were applied to restate the June 30, 2015 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the June 30, 2015 financial statements of TDC other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2015 financial statements as a whole.

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, 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.



New York, NY  
September 27, 2016

# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## Management's Discussion and Analysis

June 30, 2016 and 2015

(Unaudited)

(Amounts in thousands, except as noted)

The following is a narrative overview and analysis of the financial activities of NYC Technology Development Corporation ("TDC" or the "Corporation") as of June 30, 2016 and 2015, and for the years then ended. It should be read in conjunction with TDC's government-wide financial statements, general fund financial statements and the notes to the financial statements.

The financial statements consist of four parts: (1) management's discussion and analysis (this section); (2) the government-wide financial statements; (3) the general fund financial statements; and (4) the notes to the financial statements.

The government-wide financial statements, which include the statements of net position (deficit) and the statements of activities, are presented to display information about the Corporation as a whole, in accordance with Governmental Accounting Standards Board ("GASB") standards. This is to provide the reader with a broad overview of TDC's finances. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

TDC's general fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, in which revenue is recognized when it becomes susceptible to accrual; that is, when it becomes both measurable and available to finance expenditures in the current fiscal period. Expenditures are recognized when the related liability is incurred.

The reconciliations of the general fund balance sheets to the statements of net position and the reconciliation of the general fund statements of revenues, expenditures, and changes in the fund balances to the statements of activities are presented to assist the reader in understanding the differences between the government-wide and fund financial statements.

The 2015 financial statements have been restated, from the amounts previously reported, to reflect an adjustment to liabilities for employee leave balances. These adjustments are described further in Note 5 to the financial statements.

### Financial Highlights and Overall Analysis

TDC was incorporated for the purpose of enhancing The City of New York's (the "City") ability to effectively manage and deploy information technology ("IT") projects through (i) attracting, developing and retaining highly experienced and skilled IT professionals; (ii) successfully delivering large, critical, and cross-agency IT projects in a timely and cost-effective manner; (iii) providing a common framework, resources, best practices and diagnostics for large IT projects; and (iv) providing and supporting citywide governance over IT programs, environments and services.

# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## Management's Discussion and Analysis (continued)

June 30, 2016 and 2015

(Unaudited)

(Amounts in thousands, except as noted)

### Financial Highlights and Overall Analysis (continued)

Under its contract with the City, TDC provides four broad categories of “program services”: (i) senior management services for three major City IT initiatives named in the contract and for other IT projects, upon the request of the City’s Chief Technology Officer (“CTO”), and, under certain circumstances, also upon the approval of a supermajority of the Board of Directors; (ii) solution architect services; (iii) multi-agency vendor management services; and (iv) portfolio management and additional IT consulting services, as directed by the CTO.

The following summarizes the activities of TDC for the years ended June 30, 2016, 2015, and 2014:

	<u>2016</u>	(restated) <u>2015</u>	(restated) <u>2014</u>	<u>2016 v 2015</u> <u>Change</u>	<u>2015 v 2014</u> <u>Change</u>
Revenue:					
Program revenue	\$ 4,259	\$ 3,679	\$ 3,489	\$ 580	\$ 190
Expenses:					
Consulting fees	138	147	1,368	(9)	(1,221)
General and administrative	4,324	3,619	2,643	705	976
Total expenses	<u>4,462</u>	<u>3,766</u>	<u>4,011</u>	<u>696</u>	<u>(245)</u>
Change in net position	(203)	(87)	(522)	(116)	435
Net position (deficit) - beginning of year	(157)	(70)	499	(87)	(569)
Prior period adjustment	-	-	(47)	-	47
Net position (deficit) - end of year	<u>\$ (360)</u>	<u>\$ (157)</u>	<u>\$ (70)</u>	<u>\$ (203)</u>	<u>\$ (87)</u>

TDC’s contract with the City was registered on December 24, 2012, and the Corporation began operations on January 1, 2013. Pursuant to this contract, TDC receives quarterly payments that cover its projected expenses for the forthcoming quarter. During fiscal years 2016, 2015 and 2014, TDC received \$4.3 million, \$3.7 million and \$3.5 million in contractual payments from the City, respectively. Program revenue is paid quarterly and is based on projected subsequent quarter expenses; as such there are variances between program revenue and actual expenses.

# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## Management's Discussion and Analysis (continued)

June 30, 2016 and 2015

(Unaudited)

(Amounts in thousands, except as noted)

### Financial Highlights and Overall Analysis (continued)

Total expenses primarily consisted of salaries and consulting fees for personal services in connection with TDC accomplishing its mission. Expenses incurred during fiscal years 2016, 2015 and 2014 were \$4.4 million, \$3.8 million, and \$4.0 million, respectively. During fiscal year 2016, there was an increase in head count of employees which went from 18 to 22 employees at maximum capacity; attrition subsequently lowered the number back to 18 employees by the end of fiscal year 2016. The salaries and benefits associated with the increased headcount constituted the majority of the \$696 thousand increase in fiscal year 2016 expenses and enabled TDC resources to support the New York City Department of Finance Property Tax System and New York City's Mayor Office of Immigration Affairs ActionHealth. In accordance with the City's and TDC's plan to build TDC's capacity to support the City's largest and most complex IT projects, TDC's staff of IT professionals increased during fiscal year 2015 from 12 to 18. Adding these new resources enabled TDC to continue significant projects such as the implementation of a mobile inspection system for the Department of Buildings, planning for the procurement of services to re-architect the 311 system, and developing the Pre-K for All (PKA) outreach and enrollment system. TDC also engaged several new projects such as the accelerated development of a system for issuing municipal identification cards (IDNYC), planning for the procurement of a new Automated Procurement Tracking System (APT2), and management of a program to provide streamlined technologies for the Small Business First (SB1) program.

The following summarizes the assets, liabilities, and net position (deficit) as of June 30, 2016, 2015, and 2014:

	<u>2016</u>	(restated) <u>2015</u>	(restated) <u>2014</u>	<u>2016 v 2015</u> <u>Change</u>	<u>2015 v 2014</u> <u>Change</u>
Assets:					
Non-capital	\$ 264	\$ 337	\$ 458	\$ (73)	\$ (121)
Total assets	<u>264</u>	<u>337</u>	<u>458</u>	<u>(73)</u>	<u>(121)</u>
Liabilities:					
Liabilities	624	494	528	130	(34)
Total liabilities	<u>624</u>	<u>494</u>	<u>528</u>	<u>130</u>	<u>(34)</u>
Net Position (Deficit):					
Unrestricted	(360)	(157)	(70)	(203)	(87)
Total net position (deficit)	<u>\$ (360)</u>	<u>\$ (157)</u>	<u>\$ (70)</u>	<u>\$ (203)</u>	<u>\$ (87)</u>

# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## Management's Discussion and Analysis (continued)

June 30, 2016 and 2015

(Unaudited)

(Amounts in thousands, except as noted)

### Financial Highlights and Overall Analysis (continued)

As of June 30, 2016, 2015 and 2014 TDC's assets totaled \$264 thousand, \$337 thousand and \$458 thousand, respectively, and primarily consisted of unrestricted cash and cash equivalents.

Liabilities as of June 30, 2016, 2015 and 2014 were \$624 thousand, \$494 thousand, and \$528 thousand, respectively, and primarily consisted of accrued expenses incurred at year end.

The only reconciling item between the government-wide financial statements and the general fund financial statements is the accrued vacation liability. The accrued vacation liability is not reflected as a liability in the general fund financial statements as it is not due and payable from current financial resources.

This financial report is designed to provide a general overview of TDC's finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to the Treasurer, NYC Technology Development Corporation, 15 Metrotech Center, 19<sup>th</sup> Floor, Brooklyn, NY 11201.

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# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## Statements of Net Position (Deficit)

June 30, 2016 and 2015

(Amounts in thousands)

	<u>2016</u>	<u>(Restated) 2015</u>
<b>ASSETS:</b>		
Unrestricted cash and cash equivalents	\$ 263	\$ 336
Prepaid insurance	<u>1</u>	<u>1</u>
Total assets	<u>264</u>	<u>337</u>
<b>LIABILITIES:</b>		
Accrued expenses	186	196
Accrued vacation	160	107
Due to The City of New York	<u>278</u>	<u>191</u>
Total liabilities	<u>624</u>	<u>494</u>
<b>NET POSITION (DEFICIT):</b>		
Unrestricted (deficit)	<u>(360)</u>	<u>(157)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u><u>\$ (360)</u></u>	<u><u>\$ (157)</u></u>

See accompanying notes to financial statements.

# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## Statements of Activities

Years ended June 30, 2016 and 2015

(Amounts in thousands)

	<u>2016</u>	(Restated) <u>2015</u>
REVENUES:		
Program revenue	\$ 4,259	\$ 3,679
Total revenues	<u>4,259</u>	<u>3,679</u>
EXPENSES:		
Salaries	3,432	2,897
Fringe benefits	600	438
Rent	175	175
Administrative	41	42
Professional fees	15	12
Management fees	61	55
Consulting fees	138	147
Total expenses	<u>4,462</u>	<u>3,766</u>
CHANGE IN NET POSITION (DEFICIT)	(203)	(87)
NET POSITION (DEFICIT) - Beginning of year	(157)	(23)
Restatement of Beginning Balance	<u>-</u>	<u>(47)</u>
NET POSITION (DEFICIT) - End of year	<u>\$ (360)</u>	<u>\$ (157)</u>

See accompanying notes to financial statements.

# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## General Fund Balance Sheets

June 30, 2016 and 2015

(Amounts in thousands)

	<u>2016</u>	<u>2015</u>
<b>ASSETS:</b>		
Unrestricted cash and cash equivalents	\$ 263	\$ 336
Prepaid insurance	<u>1</u>	<u>1</u>
Total assets	<u>\$ 264</u>	<u>\$ 337</u>
<b>LIABILITIES:</b>		
Accrued expenses	\$ 186	\$ 196
Due to The City of New York	<u>278</u>	<u>191</u>
Total liabilities	<u>464</u>	<u>387</u>
<b>FUND BALANCES:</b>		
Nonspendable	1	1
Unassigned	<u>(201)</u>	<u>(51)</u>
Total fund balances	<u>(200)</u>	<u>(50)</u>
Total liabilities and fund balances	<u>\$ 264</u>	<u>\$ 337</u>

See accompanying notes to financial statements.

# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## Reconciliations of the General Fund Balance Sheets to the Statements of Net Position

June 30, 2016 and 2015

(Amounts in thousands)

	<u>2016</u>	<u>2015</u>
Total fund balances - governmental funds	\$ (200)	\$ (50)
Amounts reported in the statements of net position are different because:		
Accrued vacation that is not due and payable in the current period from financial resources available currently at year-end are not reported in the governmental funds financial statements, but are reported in the statements of net position.	(160)	(107)
Net position of governmental activities	<u>\$ (360)</u>	<u>\$ (157)</u>

See accompanying notes to financial statements.

# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## General Fund Statements of Revenues, Expenditures, and Changes in Fund Balances

For the years ended June 30, 2016 and 2015

(Amounts in thousands)

	<u>2016</u>	<u>2015</u>
REVENUES:		
Program revenue	\$ 4,259	\$ 3,679
Total revenues	<u>4,259</u>	<u>3,679</u>
EXPENDITURES:		
Salaries	3,379	2,837
Fringe benefits	600	438
Rent	175	175
Administrative	41	42
Professional fees	15	12
Management fees	61	55
Consulting fees	138	147
Total expenditures	<u>4,409</u>	<u>3,706</u>
Net changes in fund balances	(150)	(27)
FUND BALANCES - Beginning of year	<u>(50)</u>	<u>(23)</u>
FUND BALANCES - End of year	<u>\$ (200)</u>	<u>\$ (50)</u>

See accompanying notes to financial statements.

# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## Reconciliations of the General Fund Statements of Revenues, Expenditures, and Changes in Fund Balances to the Statements of Activities

For the years ended June 30, 2016 and 2015

(Amounts in thousands)

	<u>2016</u>	<u>2015</u>
Net change in fund balances - governmental funds	\$ (150)	\$ (27)
Amounts reported for governmental activities in the statements of activities are different because:		
Accrued vacation leave is reported in on the statement of activities on the accrual basis. However, accrued vacation leave is reported as an expenditure in the governmental funds financial statements when the outlay of financial resources is due.	<u>(53)</u>	<u>(60)</u>
Change in net position - governmental activities	<u>\$ (203)</u>	<u>\$ (87)</u>

See accompanying notes to financial statements.

# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## Notes to Financial Statements

June 30, 2016 and 2015

### (1) Organization

NYC Technology Development Corporation (“TDC” or the “Corporation”) is a Type C not-for-profit corporation organized under the Not-For-Profit Corporation Law of the State of New York (the “State”). TDC is governed by a Board of Directors appointed by the sole member of the Corporation, the Mayor of The City of New York (the “City”). The Board may have up to seven members and is required to have a minimum of three members. The Mayor is authorized to appoint up to four members of his own discretion, three of whom are to be appointed by virtue of holding their City position, and one private member. The City Comptroller is authorized to recommend two members for appointment by the Mayor, one by virtue of holding his or her City position and one private member. The Speaker of the Council of the City is authorized to recommend one more private member for appointment. TDC’s By-Laws require the vote of a supermajority of all but one of the then appointed members of the Board to take certain actions. Although legally separate from the City, TDC is an instrumentality of the City and, accordingly, is included in the City’s financial statements as a blended component unit in accordance with Governmental Accounting Standards Board (“GASB”) standards.

TDC was incorporated for the purpose of enhancing the City’s ability to effectively manage and deploy information technology (“IT”) projects through (i) attracting, developing and retaining highly experienced and skilled IT professionals; (ii) successfully delivering large, critical, and cross-agency IT projects in a timely and cost-effective manner; (iii) providing a common framework, resources, best practices and diagnostics for large IT projects; and (iv) providing and supporting citywide governance over IT programs, environments and services.

Under its contract with the City, TDC provides four broad categories of “program services”: (i) senior management services for three major City IT initiatives named in the contract and for other IT projects, upon the request of the City’s Chief Technology Officer (“CTO”), and, under certain circumstances, also upon the approval of a supermajority of the Board of Directors; (ii) solution architect services; (iii) multi-agency vendor management services; and (iv) portfolio management and additional IT consulting services, as directed by the CTO.

TDC’s contract with the City was registered on December 24, 2012, and the Corporation began operations on January 1, 2013. For fiscal year 2016, a one year contract renewal was registered to be effective on July 1, 2015. For fiscal year 2017, a second one year contract renewal was registered to be effective on July 7, 2016. Pursuant to this contract, TDC receives quarterly payments that cover its projected expenses for the forthcoming quarter and these contractual payments are TDC’s sole source of revenue.

TDC’s staff of information technology professionals provides the services that TDC was created to perform, but most of its legal and financial affairs are administered by employees of the City and another component unit of the City, for which TDC reimburses and pays a management and overhead fee based on its allocated share of personnel and overhead costs.

# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## Notes to Financial Statements (continued)

June 30, 2016 and 2015

### (2) Summary of Significant Accounting Policies

The government-wide financial statements of TDC, which include the statements of net position (deficit) and the statements of activities, are presented to display information about the reporting entity as a whole, in accordance with GASB standards. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

TDC's general fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal period. Revenues are generally considered available if expected to be received within one year after period-end. Expenditures are recognized when the related liability is incurred.

The reconciliations of the general fund balance sheets to the statements of net position and the reconciliation of the general fund statements of revenues, expenditures, and changes in the fund balances to the statements of activities are presented to assist the reader in understanding the differences between the government-wide and fund financial statements.

TDC uses a general fund ("GF") to report its activities. The GF is used to account for all financial resources and activities that relates to TDC's administrative and operating expenditures.

Fund balances of the general fund are classified as either: 1) nonspendable, 2) restricted, 3) committed, 4) assigned or 5) unassigned.

Fund balance that cannot be spent because it is not in spendable form is defined as nonspendable. Resources constrained because externally imposed by creditors, imposed by law or enabling legislations are classified as restricted on the statements of net position (deficit) and the general fund balance sheets.

The Board of Directors (the "Board") of TDC constitutes TDC's highest level of decision-making authority. If and when resolutions are adopted by the Board that constrain fund balances for a specific purpose, such resources are accounted for and reported as committed for such purpose unless and until a subsequent resolution altering the commitment is adopted by the Board.

If and when fund balances are constrained for use for a specific purpose based on the direction of any officer of TDC who is duly authorized to direct the movement of such funds are accounted for and reported as assigned for such purpose, unless or until a subsequent authorized action by the same or another duly authorized officer, or by the Board, is taken which removes or changes the assignment.

Resources that are not constrained are reported as unrestricted in the statements of net position (deficit) and unassigned in the general fund balance sheets.



# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## Notes to Financial Statements (continued)

June 30, 2016 and 2015

### (2) Summary of Significant Accounting Policies, continued

When both restricted and unrestricted resources are available for use for a specific purpose, it is TDC's policy to use restricted resources first then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use for a specific purpose, it is TDC's policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

Investments are reported at fair value as of the reporting date.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires TDC's management to make estimates and assumptions in determining the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

As a component unit of the City, TDC implements new GASB standards in the same fiscal year as they are implemented by the City. The following are discussions of the standards requiring implementation in the current year and standards which may impact TDC in future years.

- In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provision of GASB 67 and GASB 68* ("GASB 73"). GASB 73 provides guidance on assets accumulated for pension plans that are not administered through a trust and provides clarity on certain provision of GASB 67 and GASB 68. The requirements for GASB 73 are effective for fiscal years beginning after June 15, 2015. The adoption of GASB 73 did not have an impact on TDC's financial statements.
- In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"). GASB 74 establishes financial reporting standards to state and local governmental other postemployment benefit ("OPEB") plans. The requirements of GASB 74 are effective for fiscal years beginning after June 15, 2016. TDC has not completed the process of evaluating GASB 74, but does not expect it to have an impact on TDC's financial statements.
- In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). GASB 75 establishes accounting and financial reporting standards for OPEB that is provided to employees of state and local governmental employees. The requirements of GASB 75 are effective for fiscal years beginning after June 15, 2017. TDC has not completed the process of evaluating GASB 75, but does not expect it to have an impact on TDC's financial statements.

# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## Notes to Financial Statements (continued)

June 30, 2016 and 2015

### (2) Summary of Significant Accounting Policies, continued

- In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (“GASB 76”). GASB 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction of other event is not specified within the source of authoritative GAAP. The requirements of GASB 76 are effective for fiscal years beginning after June 15, 2015. The adoption of GASB 76 did not have an impact on TDC’s financial statements.
- In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures* (“GASB 77”). GASB 77 requires state and local governments for the first time to disclose information about tax abatement agreements. GASB 77 requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government’s tax revenues. The requirements of GASB 77 are effective for fiscal years beginning after December 15, 2015. The adoption of GASB 77 did not have an impact on TDC’s financial statements as it does not enter into any such agreements.
- In December 2015, GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* (“GASB 78”). GASB 78 amends the scope and applicability of Statement 68 to exclude pension plans provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provide defined benefits both to employees of state or local governmental employers and to employees of employers that are not state or local governments, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pension through the pension plan). The requirements of GASB 78 are effective for fiscal years beginning after December 15, 2015. The adoption of GASB 78 did not have an impact on TDC’s financial statements.
- In December 2015, GASB issued Statement No 79, *Certain External Investment Pools and Pool Participants* (“GASB 79”). GASB 79 will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share. The requirements of GASB 79 are effective for fiscal years beginning after December 15, 2015. The adoption of GASB 79 did not have an impact on TDC’s financial statements as it has no such investments.

# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## Notes to Financial Statements (continued)

June 30, 2016 and 2015

### (2) Summary of Significant Accounting Policies, continued

- In January 2016, GASB issued Statement No 80, *Blending Requirements for Certain Component Units* (“GASB 80”). GASB 80 provides clarity on how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The requirements of GASB 80 are effective for fiscal years beginning after June 15, 2016. The adoption of GASB 80 did not have an impact on TDC’s financial statements.
- In March 2016, GASB issued Statement No 81, *Irrevocable Split Interest Agreements* (“GASB 81”). GASB 81 addresses the situations under which an irrevocable split-interest agreement constitutes an asset for accounting and financial reporting purposes when the resources are administered by a third party. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. The requirements of GASB 81 are effective for fiscal years beginning after December 15, 2016. The adoption of GASB 81 did not have an impact on TDC’s financial statements as it does not enter in such arrangements.
- In March 2016, GASB issued Statement No 82, *Pension Issues* (“GASB 82”). GASB 82 addresses practice issues raised during the implementation of the GASB’s pension accounting and financial reporting standards for state and local governments. The requirements of GASB 82 are effective for fiscal years beginning after June 15, 2016. The adoption of GASB 82 did not have an impact on TDC’s financial statements as it has no employees.

### (3) Cash and Cash Equivalents

As of June 30, 2016 and 2015, TDC’s cash was comprised of unrestricted bank deposits in the amounts of \$250 thousand and \$171 thousand, respectively, and there were no differences between the carrying amounts and bank balances. At June 30, 2016 and 2015, accounts with balances up to \$250 thousand were covered by Federal Deposit Insurance Corporation (“FDIC”) insurance.

As of June 30, 2016 and 2015, TDC’s cash equivalents were comprised of Money Market Funds in the amount of \$13 thousand and \$165 thousand, respectively. TDC categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. TDC’s Money Market Funds are valued based on various market and industry inputs (Level 2 inputs).

# NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

## Notes to Financial Statements (continued)

June 30, 2016 and 2015

### (4) Defined Contribution Plan

Effective September 1, 2013, TDC offered its employees, through ADP Total Source, a deferred compensation plan in accordance with the Internal Revenue Code Section 401k. Eligibility is available from the first day of employment and TDC matches 100 percent of the contributed amount up to a maximum of four percent of employee compensation. During fiscal years 2016 and 2015, TDC contributed \$107 and \$79 thousand, respectively, to the plan. Plan assets are held under an insurance contract issued by an insurance company or in a trust for the exclusive use of the participants and their beneficiaries, and are invested in accordance with participant instructions. Accordingly, at June 30, 2016 and 2015, plan assets and liabilities were not reflected in the accompanying financial statements.

### (5) Prior Period Adjustment

The 2015 financial statements have been restated, from amounts previously reported, to reflect accruals for employee leave balances. The effects of these adjustments to the 2015 government-wide financial statements are as follows: salary expense increased by \$60 thousand, liabilities increased by \$107 thousand, and beginning net position decreased by \$47 thousand. These adjustments had no effect on the general fund financial statements as the accrued vacation liability is not reflected as a liability in the general fund financial statements as it is not due and payable from current financial resources.

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