GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

For the Year Ended
December 31, 2019

CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATING SCHEDULES

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

TABLE OF CONTENTS

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

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Independent Auditor's Report

To the Board of Directors of
Griffiss Utility Services Corporation and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Griffiss Utility Services Corporation (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated 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 Corporation'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 consolidated financial statements.

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

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Griffiss Utility Services Corporation and Subsidiary as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standards

As discussed in Note 1 to the consolidated financial statements, in 2019, Griffiss Utility Services Corporation and Subsidiary adopted ASU No. 2014-09, *"Revenue from Contracts with Customers"*, along with amendments issued in 2015 and 2016. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the consolidated financial statements, in 2019, Griffiss Utility Services Corporation and Subsidiary also adopted ASU No. 2018-08, *"Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)."* Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules, as listed in the table of contents, are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and are 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 audits 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 auditing standards generally accepted in the United States of America. In our opinion, the consolidating schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

D'Arcangelo + Co., LLP

March 26, 2020

Utica, New York

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents	$ 5,416,726	$ 5,327,640
Accounts Receivable, Net	804,416	825,872
Grants Receivable	172,339	248,702
Prepaid Expenses	182,608	63,661
Investments	11,046,488	8,884,947
Total Current Assets	17,622,577	15,350,822
Property		
Land, Buildings, and Improvements	36,808,403	36,808,403
Distribution Lines	21,124,821	21,124,821
Vehicles and Equipment	9,962,951	9,886,771
Fuel Tanks	1,406,546	1,406,546
Office Furnishings	48,200	48,200
Construction in Progress	725,667	282,866
Total Property	70,076,588	69,557,607
Accumulated Depreciation	33,489,530	31,143,128
Net Property	36,587,058	38,414,479
Other Assets		
Restricted Cash, Cash Equivalents and Investments	7,081,882	7,397,576
Deposits Held with NYISO	1,041,436	1,020,214
Cash Surrender Value	506,082	455,656
Total Other Assets	8,629,400	8,873,446
Total Assets	$ 62,839,035	$ 62,638,747
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	$ 542,039	$ 609,118
Current Portion of Long-Term Debt	486,697	306,226
Deposits	82,334	82,293
Total Current Liabilities	1,111,070	997,637
Noncurrent Liabilities		
Deferred Compensation	233,703	196,510
Deferred Tax Liability	2,885,963	2,630,130
Long-Term Debt, Net	9,630,277	10,261,740
Total Noncurrent Liabilities	12,749,943	13,088,380
Net Assets		
Net Assets without Donor Restrictions		
Parent Organization		
Board Designated Reserves	862,684	872,389
Undesignated	53,863,134	52,704,331
Subsidiary		
Accumulated Deficit	(5,747,796)	(5,023,990)
Total Net Assets	48,978,022	48,552,730
Total Liabilities and Net Assets	$ 62,839,035	$ 62,638,747

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2019 and 2018

	2019	2018
Revenues and Investment Income		
Steam Revenue Charges	$ 2,473,345	$ 2,920,865
Electricity Distribution Charges	6,843,971	7,776,129
Interest Income	186,616	87,053
Investment Income, Net	352,827	92,088
Other Income	56,720	48,381
Total Revenues and Investment Income	9,913,479	10,924,516
Expenses		
Program Services		
Steam Heating Services	4,227,800	4,622,947
Electricity Distribution Services	4,224,340	5,338,069
Supporting Services		
Management and General	894,351	835,339
Total Expenses	9,346,491	10,796,355
Increase in Net Assets Before Other Changes	566,988	128,161
Other Changes		
Capital Grants	115,637	128,460
(Provision for) Taxes	(257,333)	(350,857)
Increase (Decrease) in Net Assets	425,292	(94,236)
Net Assets, Beginning of Year	48,552,730	48,646,966
Net Assets, End of Year	$ 48,978,022	$ 48,552,730

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019
(With Comparative Totals For the Year Ended December 31, 2018)

	Program Services		Supporting Services	Total	
	Steam Heating Services	Electricity Distribution Services	Management and General	2019	2018
Salaries	$ 778,732	$ 315,588	$ 438,347	$ 1,532,667	$ 1,587,877
Employee Benefits	194,122	86,712	157,631	438,465	429,606
Payroll Taxes	66,393	21,398	29,721	117,512	120,829
Wood Chips	542,681	0	0	542,681	658,565
Natural Gas	180,828	0	0	180,828	238,456
Purchased Electricity	0	2,860,392	0	2,860,392	4,026,422
Electrical Surcharges	0	123,715	0	123,715	126,496
Professional Services	5,383	5,383	56,076	66,842	109,864
Information Technology	191	1,658	4,736	6,585	12,098
Occupancy	40,278	12,937	9,025	62,240	60,990
Contracted Services	43,418	11,370	50,422	105,210	140,801
Insurance	97,427	36,644	44,712	178,783	194,007
Office Expenses	2,295	57	30,517	32,869	31,275
Service Fees	0	0	15,000	15,000	15,027
Travel	10,754	10,480	24,293	45,527	48,040
Repairs and Maintenance	119,314	94,907	11,576	225,797	174,384
Environmental Expense	20,193	0	0	20,193	29,257
Minor Equipment	1,438	1,307	85	2,830	37,309
Depreciation	1,689,448	627,908	29,046	2,346,402	2,348,714
Interest Expense	368,777	0	0	368,777	382,238
Operating Supplies	20,186	555	7	20,748	19,439
Water Treatment	29,283	0	0	29,283	22,352
Bad Debt Provision	0	0	(50,000)	(50,000)	(68,096)
Energy Savings Program	0	9,705	0	9,705	0
Dues and Subscriptions	0	0	16,473	16,473	7,214
Other Expenses	16,659	3,624	26,684	46,967	43,191
Total Functional Expenses	$ 4,227,800	$ 4,224,340	$ 894,351	$ 9,346,491	$ 10,796,355

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Program Services		Supporting Services	
	Steam Heating Services	Electricity Distribution Services	Management and General	Total
Salaries	$ 863,597	$ 300,308	$ 423,972	$ 1,587,877
Employee Benefits	184,102	101,793	143,711	429,606
Payroll Taxes	71,251	20,557	29,021	120,829
Wood Chips	658,565	0	0	658,565
Natural Gas	238,456	0	0	238,456
Purchased Electricity	0	4,026,422	0	4,026,422
Electrical Surcharges	0	126,496	0	126,496
Professional Services	15,963	15,963	77,938	109,864
Information Technology	373	7,638	4,087	12,098
Occupancy	36,879	15,022	9,089	60,990
Contracted Services	73,742	20,797	46,262	140,801
Insurance	120,185	35,916	37,906	194,007
Office Expenses	2,673	21	28,581	31,275
Service Fees	0	0	15,027	15,027
Travel	13,328	12,513	22,199	48,040
Repairs and Maintenance	148,411	8,842	17,131	174,384
Environmental Expense	29,257	0	0	29,257
Minor Equipment	36,112	1,197	0	37,309
Depreciation	1,681,999	637,932	28,783	2,348,714
Interest Expense	382,238	0	0	382,238
Operating Supplies	18,313	886	240	19,439
Water Treatment	22,352	0	0	22,352
Bad Debt Expense	0	0	(68,096)	(68,096)
Dues and Subscriptions	129	600	6,485	7,214
Other Expenses	25,022	5,166	13,003	43,191
Total Functional Expenses	$ 4,622,947	$ 5,338,069	$ 835,339	$ 10,796,355

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	$ 425,292	$ (94,236)
Adjustment for Noncash Transactions		
Depreciation	2,346,402	2,348,714
Change in Allowance for Doubtful Accounts	(50,000)	(68,096)
Unrealized and Realized (Gains) on Investments	(76,838)	(7,125)
Deferred Taxes	255,833	349,357
Deferred Compensation	37,193	34,759
(Increase) Decrease in Assets		
Accounts Receivable	71,456	393,971
Grants Receivable	76,363	234,829
Prepaid Expenses	(118,947)	9,950
Deposits Held with NYISO	(21,222)	(15,328)
Cash Surrender Value	(50,426)	(54,700)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	(67,079)	24,964
Deposits	41	(2,079)
Net Cash Provided by Operating Activities	2,828,068	3,154,980
Cash Flows from Investing Activities		
Purchases of Investments	(2,513,450)	(6,000,750)
Reinvested Interest	(275,989)	(84,963)
Proceeds from Sales of Investments	256,282	4,704,501
Capital Expenditures	(518,981)	(661,559)
Net Cash (Used) by Investing Activities	(3,052,138)	(2,042,771)
Cash Flows from Financing Activities		
Payment of Long-Term Debt	(450,992)	(307,409)
Net Cash (Used) by Financing Activities	(450,992)	(307,409)
Net Increase in Cash, Cash Equivalents, Restricted Cash and Cash Equivalents	(675,062)	804,800
Cash, Cash Equivalents, Restricted Cash and Cash Equivalents, Beginning of Year	9,601,099	8,796,299
Cash, Cash Equivalents, Restricted Cash and Cash Equivalents, End of Year	$ 8,926,037	$ 9,601,099

Supplemental Cash Flow Disclosures

	2019	2018
Cash Paid During the Year for:		
Interest	$ 368,777	$ 382,238
Income Taxes	$ 1,551	$ 1,480

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Griffiss Utility Services Corporation (GUSC) is a nonprofit organization whose primary purpose is to support Griffiss Local Development Corporation's (GLDC) mission efforts of stimulating economic growth at the Griffiss Business and Technology Park located in Rome, New York. To accomplish this objective, GUSC operates and maintains the utility systems. The activities of GUSC are funded primarily through revenue from the distribution of steam heat and electricity.

GUSC Energy Inc (GUSC Energy) was formed during 2011, with GUSC as the sole shareholder, for the primary purpose of constructing and operating an open-loop biomass fueled combined heat and power facility in the Griffiss Business and Technology Park. The common stock has no par value, and there are 200 shares authorized of which 1 share is issued and outstanding to GUSC.

Principles of Consolidation

The consolidated financial statements include the accounts of GUSC and its wholly-owned subsidiary, GUSC Energy. All intercompany transactions have been eliminated.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These consolidated financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by reporting information regarding financial position and activities according to two classes of net assets: net assets with donor restrictions or net assets without donor restrictions. However, the Organization only maintained net assets without donor restrictions at December 31, 2019 and 2018.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Revenue

GUSC's primary source of revenue is from the supply of steam heat and distribution of electricity to businesses in the Griffiss Business and Technology Park. In addition, GUSC receives approximately 10% of these revenue sources from one customer. GUSC is also sensitive to the market conditions of fuel prices. The effect, if any, on the consolidated financial statements is not considered material as any price increases or decreases are passed on to the customers.

Cash and Cash Equivalents

For purposes of the consolidated statements of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as money market funds, with an original maturity of three months or less when purchased.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following table provides a reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents reported between the consolidated statements of financial position and the consolidated statements of cash flows:

	2019	2018
Cash and Cash Equivalents	$ 5,416,726	$ 5,327,640
Restricted Cash, Cash Equivalents, and Restricted Investments	7,081,882	7,397,576
Less: Restricted Investments	(3,572,571)	(3,124,117)
Total Cash, Cash Equivalents, and Restricted Cash shown in the Statements of Cash Flows	$ 8,926,037	$ 9,601,099

Restricted cash, cash equivalents and investments, as listed above, are included in other assets on the consolidated statements of financial position and represent amounts pledged as collateral for long-term financing arrangements as contractually required by a lender. The restriction will lapse when the related long-term debt is paid off.

Accounts and Grants Receivable

Accounts receivable are carried at cost, less an allowance for doubtful accounts. A provision has been established for receivables which may ultimately prove to be uncollectible. The basis for the provision is an analysis of current accounts. The allowance for doubtful accounts was $100,000 and $150,000 for the years ended December 31, 2019 and 2018, respectively.

Grants receivable are carried at cost and have been deemed to be fully collectible, therefore, an allowance has not been established.

Property

All expenditures for property and equipment exceeding $2,500 are capitalized and depreciated over the useful life of the property and recorded at historical cost if purchased or fair market value if donated. Depreciation is provided using the straight-line method as follows:

	Estimated Useful Lives
Buildings and Improvements	40 Years
Fuel Tanks	15 Years
Distribution Lines	20 Years
Vehicles and Equipment	2-10 Years
Office Furnishings	5-10 Years

Investment Valuation and Income Recognition

Investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net investment income (loss) in the consolidated statements of activities includes gains and losses on investments bought and sold as well as held during the year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits Held with NYISO

The New York Independent System Operator (NYISO) is the organization responsible for managing New York's electric grid and its competitive wholesale electric marketplace. Per NYISO policy, GUSC maintains a deposit with the NYISO to allow the Organization to purchase power instantaneously in the wholesale marketplace. The amount of the deposit requirement can vary and is based on peek potential financial exposure to NYISO.

Cash Surrender Value on Life Insurance

GUSC is the owner of a life insurance policy on one key employee with basic coverage totaling $600,000 and has a cash surrender value of $506,082 and $455,656 at December 31, 2019 and 2018, respectively. The cash surrender value of this policy has been included in other assets in these consolidated financial statements.

Revenue Recognition

We have analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes are necessary to conform with the new standard. Sale of steam and electric energy to customers occur continuously throughout the year and GUSC recognizes revenue on a monthly basis based on delivery reported for the prior month. Revenues recognized are net of any sales tax, surcharges, discounts and credits that apply.

GUSC recognizes administrative fee revenues on a monthly basis based on a fixed amount in an annual contract in place with GUSC Energy. GUSC provides administrative and staff support for GUSC Energy.

Certain GUSC capital projects are eligible for cost-reimbursable state grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Grant revenues are recognized when GUSC has incurred expenditures in compliance with specific contract or grant provisions.

GUSC Energy recognizes service revenues based on a long-term contract with GUSC. GUSC Energy delivers steam and electric to GUSC for resale to customers, as well as maintaining and operating the steam plant facility and the biomass fueled combined heat and power facility. Revenues are recognized monthly based primarily on a fixed contract price which is calculated annually. Revenues may also include variable costs and reimbursements which are also calculated monthly, as applicable, based on performance obligations for the prior month.

Agreement terms with customers generally do not include any obligations to perform future services. See Note 3 for concentrations of credit risk.

Expense Allocation

The costs of operations of the steam plant and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are payroll taxes and employee benefits, which are allocated on the basis of estimates of time and effort, and insurance and legal expenses, which have been allocated equally amongst the three categories.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other expenses are directly classified among the following program and supporting services:

Steam Heating Services – Includes all direct and indirect expenses necessary to generate and distribute steam and maintain the existing steam plant facilities.

Electricity Distribution Services – Includes all direct and indirect expenses necessary to distribute electricity and maintain the existing facilities.

Management and General – Includes all administrative expenses necessary to operate GUSC which are not specifically identifiable to direct program services.

Income Taxes

GUSC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and utilizes December 31 as its year end. The Corporation has also been determined to be other than a private foundation, as it is an organization described in Section 509(a)(3) of the Internal Revenue Code.

GUSC's wholly owned subsidiary, GUSC Energy, is a taxable entity and is, therefore, subject to federal and state income taxes. GUSC Energy has an effective income tax rate that is different from the expected statutory rate due to the use of accelerated depreciation methods and nondeductible expenses for income tax purposes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Adoption of New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, along with amendments issued in 2015 and 2016, which is codified in Accounting Standards Codification (ASC) 606. GUSC and its subsidiary adopted ASC 606 effective January 1, 2019. ASC 606 is a comprehensive new revenue recognition model that requires a company to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the company expects to receive in exchange for those goods or services. GUSC has applied the modified retrospective approach to adoption whereby the standard is applied only to the current period.

Adoption of ASC 606 did not have a material impact on the consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is codified in Accounting Standards Codification (ASC) 958. GUSC adopted ASC 958 effective January 1, 2019. ASC 958 provides guidance on revenue recognition of grants and contributions by all entities. This change clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in 2019.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of ASC 958 did not have a material impact on the consolidated financial statements.

Future Changes in Accounting Standards

ASU No. 2016-02, Leases (Topic 842): This update is effective for years beginning after December 15, 2020. Among other things, in the amendments in ASU 2016-02, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis (present value); and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, Revenue from Contracts with Customers.

Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach.

GUSC will evaluate the impact this pronouncement may have on its consolidated financial statements and will implement it as applicable.

NOTE 2 LIQUIDITY AND AVAILABILITY OF FUNDS

At December 31, 2019, GUSC and its subsidiaries have $17,439,969 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of $5,416,726, receivables of $976,755, and investments of $11,046,488, less $862,684 set aside for board designated reserves (see Note 12). At December 31, 2018, GUSC and its subsidiaries had $14,414,772 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of $5,327,640, receivables of $1,074,574, and investments of $8,884,947, less $872,389 set aside for board designated reserves (see Note 12). None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The receivables are subject to time restrictions but are expected to be collected within one year.

GUSC has a goal to maintain financial assets, which consist of cash on hand to meet 60 days of normal operating expenses, which are, on average, approximately $1.5 million. GUSC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, GUSC invests cash in excess of daily requirements in various short-term investments including certificates of deposit accounts, money market accounts, and U.S. Treasury notes.

NOTE 3 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject GUSC to concentrations of credit risk consist principally of cash in financial institutions. From time to time throughout the year, cash balances can exceed Federal Deposit Insurance Corporation (FDIC) coverage. Management believes that it is not exposed to any significant risk with respect to these accounts.

Financial instruments which also potentially subject GUSC to concentrations of credit risk include net accounts receivable of $804,416 and $825,872 at December 31, 2019 and 2018, respectively. These receivables are generated from revenue from steam distribution and electricity to occupants of the Griffiss Business and Technology Park to which GUSC has extended credit. Management routinely assesses these accounts and generally requires no collateral from them.

Also, GUSC invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risk. Although this risk exists, GUSC believes this risk is minimal as they only invest in low risk securities such as U.S. Treasury bills and certificates of deposit.

NOTE 4 INVESTMENTS

Investments at December 31, 2019 and 2018 are comprised of the following:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Invested Cash	$ 32,772	$ 32,772	$ 3,515,692	$ 3,515,692
Certificates of Deposit	10,803,494	10,803,494	4,326,659	4,326,775
U.S. Government and Agency Debt Securities	3,754,191	3,782,793	4,212,100	4,166,597
Total Investments	14,590,457	14,619,059	12,054,451	12,009,064
Less: Restricted Investments	3,572,571	3,572,571	3,124,117	3,124,117
Total Unrestricted Investments	$ 11,017,886	$ 11,046,488	$ 8,930,334	$ 8,884,947

The following summarizes net investment return for the years ended December 31, 2019 and 2018:

	2019	2018
Interest and Dividends	$ 288,441	$ 99,267
Unrealized Gain (Loss)	76,838	7,125
Investment Fees	(12,452)	(14,304)
Investment Income, Net	$ 352,827	$ 92,088

NOTE 5 FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board authoritative guidance on fair value measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy 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) and the lowest priority unobservable inputs (Level 3 measurements).

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that GUSC has the ability to access.

NOTE 5 FAIR VALUE MEASUREMENTS (Continued)

Level 2: Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018.

Invested Cash: Valued at cost which approximates fair value.

Certificates of Deposit: Valued at amortized cost which approximates fair value.

U.S. Government and Agency Debt Securities: Securities traded in the over-the-counter market and listed securities for which no sale was reported on the last business day of the year are valued at the average of the last reported bid and asked prices or using a market pricing model.

All assets have been valued using a market approach, unless otherwise noted.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although GUSC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables sets forth by level, within the fair value hierarchy, GUSC's assets measured at fair value on a recurring basis as of December 31, 2019 and 2018:

		2019 Fair Value Measurements at Reporting Date Using the Above Criteria		
Investments	Total	(Level 1)	(Level 2)	(Level 3)
Invested Cash	$ 32,772	$ 32,772	$	$
Certificates of Deposit	10,803,494		10,803,494	
U.S. Government and Agency Debt Securities	3,782,793		3,782,793	
Total Investments	14,619,059	32,772	14,586,287	
Less: Restricted CD's	3,572,571		3,572,571	
Total Unrestricted Investments	$ 11,046,488	$ 32,772	$ 11,013,716	$

NOTE 5 FAIR VALUE MEASUREMENTS (Continued)

		2018 Fair Value Measurements at Reporting Date Using the Above Criteria		
Investments	Total	(Level 1)	(Level 2)	(Level 3)
Invested Cash	$ 3,515,692	$ 3,515,692	$	$
Certificates of Deposit	4,326,775		4,326,775	
U.S. Government and Agency Debt Securities	4,166,597		4,166,597	
Total Investments	12,009,064	3,515,692	8,493,372	
Less: Restricted Investments	3,124,117		3,124,117	
Total Unrestricted Investments	$ 8,884,947	$ 3,515,692	$ 5,369,255	$

NOTE 6 LONG-TERM DEBT

At December 31, 2019 and 2018, long-term debt consisted of the following:

	2019	2018
GUSC Energy		
Term loan payable to Community Bank which is secured by all of GUSC Energy's assets as well as a portion of GUSC's deposit accounts (see restricted cash in Note 1). The loan is further guaranteed by GUSC. The term of the loan is for 10 years with interest fixed at 3.51% through November 10, 2021. The interest rate is set to adjust at that time to the five-year US Treasury Rate plus 2.25%. The loan is currently being repaid with monthly principal and interest payments fixed at $68,314 with a final balloon payment due at maturity on November 11, 2026.	$ 10,116,974	$ 10,567,966
Less: Current Portion of Long-Term Debt	486,697	306,226
Total Long-Term Debt	$ 9,630,277	$ 10,261,740

The following are maturities of the above debt for the next five years and thereafter:

Year	Amount
2020	$ 486,697
2021	484,926
2022	502,468
2023	520,644
2024	538,673
Thereafter	7,583,566
Total	$ 10,116,974

GUSC Energy's long-term debt agreements contain certain covenants, primarily a debt service ratio covenant. At each of the years ended December 31, 2019 and 2018, GUSC Energy was in compliance with the covenants.

Interest expense on the above debt for the years ended December 31, 2019 and 2018 was $368,777 and $382,238, respectively.

NOTE 6 LONG-TERM DEBT (Continued)

Intercompany

GUSC has issued several notes receivable from GUSC Energy to assist with costs to construct the open-loop biomass power facility. The principal balance on the notes is $6,000,000 for each of the years ended December 31, 2019 and 2018. The notes are unsecured and are required to be paid in interest-only monthly installments through December 31, 2020 at which time the principal portion of the notes are required to be paid in full. The current interest rate is fixed at 3.00%. The intercompany loan is eliminated in the consolidation of the financial statements.

NOTE 7 SUBSIDIARY ACCUMULATED DEFICIT

The changes in the accumulated deficit of GUSC Energy are as follows:

	2019	2018
Balance, Beginning of Year	$ (5,023,990)	$ (3,804,057)
Net Income (Loss) of GUSC Energy Inc.	(723,806)	(1,219,933)
Balance, End of Year	$ (5,747,796)	$ (5,023,990)

NOTE 8 INCOME TAXES

Federal and state provision for or (benefit from) taxes for GUSC Energy for the years ended December 31, 2019 and 2018 consisted of the following:

	2019	2018
Current Tax Expense		
New York State	$ 1,500	$ 1,500
Total Current Tax Expense	1,500	1,500
Deferred Tax Expense (Benefit)		
Federal	198,223	270,687
New York State	57,610	78,670
Total Deferred Tax Expense (Benefit)	255,833	349,357
Total Provision for (Benefit from) Taxes	$ 257,333	$ 350,857

The net deferred tax liability as of December 31, 2019 and 2018 is comprised of the following:

	2019	2018
Deferred Tax Asset		
Net Operating Loss Carryforward	$ 3,801,433	$ 3,410,653
Valuation Allowance	(3,801,433)	(3,410,653)
Deferred Tax Asset	0	0
Deferred Tax (Liability)		
Depreciation – Excess of Tax over Book	(2,885,963)	(2,630,130)
Net Deferred Tax (Liability)	$ (2,885,963)	$ (2,630,130)

The valuation allowance has experienced an increase of $390,780 and $600,188 for the years ended December 31, 2019 and 2018, respectively. Management has determined that the operating loss carryforward amounts will not be utilized prior to expiration.

NOTE 8 INCOME TAXES (Continued)

As of December 31, 2019, GUSC Energy had net operating loss carryovers that may offset future taxable income. Due to a New York State corporate tax law change in 2015 modifying the deduction and carryover rules, a net operating loss conversion subtraction (NOLCS) replaced net operating loss deductions for losses which originated prior to January 1, 2015, subject to limitations. These prior losses are pooled and may be carried forward for 20 years, expiring in 2035.

If not utilized, all carryovers will expire as follows:

	Federal Net Operating Loss	New York State Net Operating Loss
2031	$ 61,710	$ 0
2032	223,285	0
2033	772,544	0
2034	1,010,117	0
2035 (NOLCS Pool)	0	2,063,156
2035	3,420,260	3,418,760
2036	2,307,401	2,305,901
2037	1,942,120	1,942,120
2038	2,080,121	2,078,621
2039	1,355,000	1,353,500
	$ 13,172,558	$ 13,162,058

NOTE 9 PENSION PLAN

GUSC and GUSC Energy contribute to a 401(k) profit-sharing plan for all employees. Employees were eligible for membership in the plan after six months of service and attaining age 21. During 2018, the plan was amended to allow employees to be eligible at age 18. Contributions paid to the plan are based upon 5% of participants' annual compensation and a 100% match of elective deferrals up to 5% of the participant's annual compensation. The combined amount of contributions paid to the plan on behalf of the employees for the years ended December 31, 2019 and 2018 were $165,643 and $159,247, respectively.

NOTE 10 DEFERRED COMPENSATION ARRANGEMENT

GUSC entered into an unfunded, nonqualified deferred compensation plan with a key employee. The agreement provides for postretirement benefits, contingent on certain conditions, payable upon the employee's retirement on his normal retirement date. GUSC is accruing the present value of the estimated future benefit payments over the period from the date of the agreement to the retirement date. The plan was amended during 2018, as authorized by the Board of Directors, to provide for an increased retirement benefit. GUSC recognized an expense of $37,193 and $34,759 for the years ended December 31, 2019 and 2018, respectively, related to this agreement.

NOTE 11 COMMITMENTS

Under a written agreement signed in 2005 in exchange for the title to the electrical distribution system, GUSC is required to remit to GLDC a percentage of future revenues generated from the electrical distribution system based upon usage. These payments are required to be made quarterly until December 31, 2046. During the years ended December 31, 2019 and 2018, GUSC remitted $123,715 and $126,496, respectively, to GLDC for its share of revenue from the electrical distribution system.

NOTE 12 BOARD DESIGNATED RESERVES

The board has designated certain reservations of net assets without donor restrictions for future use. The following is a summary of the activity in each reserve during the year ended December 31, 2019:

	Beginning Balance	Expenses	Ending Balance
Reserve for Capital Projects	$ 250,000	$ 0	$ 250,000
Reserve for Storm Restoration	450,000	0	450,000
Reserve for Energy Savings Program	172,389	9,705	162,684
Total Board Designated Reserves	$ 872,389	$ 9,705	$ 862,684

NOTE 13 UNCERTAINTIES, CONTINGENCIES, AND RISKS

Litigation

GUSC and GUSC Energy are involved in litigation arising in the ordinary course of business. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of outstanding claims in excess of insurance coverage will not have a material adverse effect on the financial position or results of operations of the corporations.

U.S. Department of the Treasury

During 2014, the U.S. Department of the Treasury awarded GUSC Energy a section 1603 payment for specified energy property in lieu of tax credits in the amount of $316,609 for construction of the biomass power facility. The award contains recapture provisions when certain conditions are not met. To retain the full payment, the property must continue to qualify as specified energy property and not be disposed of to a disqualified person, as described in the program guidance, for five years from the date the property is placed in service. The repayment provision is phased out 20% each year and expired in 2019. In 2016, an additional amount of $456,860 was awarded to the Corporation and booked as revenue.

Empire State Development Corporation

During 2014, Empire State Development Corporation awarded GUSC Energy a capital project grant for $1,500,000 for construction of the biomass power facility. The award contains recapture provisions when certain conditions are not met. Grant funds will be subject to a pro rata recapture if the property at the project location is sold within five years of disbursement of funds. The recapture amount is based on the time that has elapsed between when the grant funds were disbursed and when the transfer occurred, decreasing 20% each year until expiration at the end of the fifth calendar year after the disbursement is made, which was December 31, 2019.

NOTE 13 UNCERTAINTIES, CONTINGENCIES, AND RISKS (Continued)

Grant Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment principally by the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable program. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although GUSC expects such amounts, if any, to be immaterial.

NOTE 14 RELATED PARTY TRANSACTIONS

GUSC is a 509(a)(3) supporting organization of GLDC, which by definition is considered a related party. In addition to the surcharge agreement under Note 11, GUSC reimburses GLDC for various costs incurred for operational work, which totaled $26,481 and $24,109, respectively, for the years ended December 31, 2019 and 2018.

GLDC and its subsidiaries, Cardinal Griffiss Realty, LLC and 99 Otis St. LLC, pay GUSC for steam and electric costs incurred by tenants of their leased properties. Utility revenues for these customers for the years ended December 31, 2019 and 2018 were $247,692 and $274,575, respectively.

NOTE 15 SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 26 2020, the date on which the consolidated financial statements were available to be issued.

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2019

	GUSC	GUSC Energy Inc.	Combined Balance	Consolidation Elimination	Consolidated Balance
Assets					
Current Assets					
Cash and Cash Equivalents	$ 5,395,908	$ 20,818	$ 5,416,726	$ 0	$ 5,416,726
Accounts Receivable, Net	804,416	0	804,416	0	804,416
Grants Receivable	172,339	0	172,339	0	172,339
Due From Subsidiary	415,199	0	415,199	(415,199)	0
Prepaid Expenses	974,437	25,724	1,000,161	(817,553)	182,608
Investments	11,046,488	0	11,046,488	0	11,046,488
Total Current Assets	18,808,787	46,542	18,855,329	(1,232,752)	17,622,577
Property					
Land, Buildings, and Improvements	18,590,475	18,217,928	36,808,403	0	36,808,403
Distribution Lines	21,124,821	0	21,124,821	0	21,124,821
Vehicles and Equipment	9,955,076	7,875	9,962,951	0	9,962,951
Fuel Tanks	1,406,546	0	1,406,546	0	1,406,546
Office Furnishings	48,200	0	48,200	0	48,200
Construction in Progress	725,667	0	725,667	0	725,667
Total Property	51,850,785	18,225,803	70,076,588	0	70,076,588
Accumulated Depreciation	30,760,146	2,729,384	33,489,530	0	33,489,530
Net Property	21,090,639	15,496,419	36,587,058	0	36,587,058
Other Assets					
Restricted Cash, Cash Equivalents and Investments	7,081,882	0	7,081,882	0	7,081,882
Note Receivable - Subsidiary	6,000,000	0	6,000,000	(6,000,000)	0
Deposits Held with NYISO	1,041,436	0	1,041,436	0	1,041,436
Investment in Subsidiary	996,483	0	996,483	(996,483)	0
Cash Surrender Value	506,082	0	506,082	0	506,082
Total Other Assets	15,625,883	0	15,625,883	(6,996,483)	8,629,400
Total Assets	$ 55,525,309	$ 15,542,961	$ 71,068,270	$ (8,229,235)	$ 62,839,035
Liabilities and Net Assets					
Current Liabilities					
Accounts Payable and Accrued Expenses	$ 483,454	$ 58,585	$ 542,039	$ 0	$ 542,039
Due to Parent	0	415,199	415,199	(415,199)	0
Current Portion of Long-Term Debt	0	486,697	486,697	0	486,697
Deferred Revenue	0	817,553	817,553	(817,553)	0
Deposits	82,334	0	82,334	0	82,334
Total Current Liabilities	565,788	1,778,034	2,343,822	(1,232,752)	1,111,070
Noncurrent Liabilities					
Deferred Compensation	233,703	0	233,703	0	233,703
Deferred Tax Liability	0	2,885,963	2,885,963	0	2,885,963
Long-Term Debt	0	15,630,277	15,630,277	(6,000,000)	9,630,277
Total Noncurrent Liabilities	233,703	18,516,240	18,749,943	(6,000,000)	12,749,943
Net Assets					
Net Assets without Donor Restrictions					
Board Designated Reserves	862,684	0	862,684	0	862,684
Undesignated	53,863,134	0	53,863,134	0	53,863,134
Paid-in-Capital	0	996,483	996,483	(996,483)	0
Accumulated Deficit	0	(5,747,796)	(5,747,796)	0	(5,747,796)
Total Net Assets	54,725,818	(4,751,313)	49,974,505	(996,483)	48,978,022
Total Liabilities and Net Assets	$ 55,525,309	$ 15,542,961	$ 71,068,270	$ (8,229,235)	$ 62,839,035

See Independent Auditor's Report.

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the Year Ended December 31, 2019

	GUSC	GUSC Energy Inc.	Combined Balance	Consolidation Elimination	Consolidated Balance
Revenues					
Steam Revenue Charges	$ 2,473,345	$ 0	$ 2,473,345	$ 0	$ 2,473,345
Electricity Distribution Charges	6,913,863	0	6,913,863	(69,892)	6,843,971
Service Fees	0	2,417,493	2,417,493	(2,417,493)	0
Interest Income	366,616	0	366,616	(180,000)	186,616
Investment Income, Net	352,827	0	352,827	0	352,827
Administration Fees	120,000	0	120,000	(120,000)	0
Other Income	45,020	11,700	56,720	0	56,720
Total Revenues	10,271,671	2,429,193	12,700,864	(2,787,385)	9,913,479
Expenses					
Program Services					
Steam Heating Services	4,123,710	2,758,784	6,882,494	(2,654,694)	4,227,800
Electricity Distribution Services	4,237,031	0	4,237,031	(12,691)	4,224,340
Supporting Services					
Management and General	877,469	136,882	1,014,351	(120,000)	894,351
Total Expenses	9,238,210	2,895,666	12,133,876	(2,787,385)	9,346,491
Increase (Decrease) in Net Assets Before Other Changes	1,033,461	(466,473)	566,988	0	566,988
Other Changes					
Capital Grants	115,637	0	115,637	0	115,637
(Provision for) Taxes	0	(257,333)	(257,333)	0	(257,333)
Increase (Decrease) in Net Assets	1,149,098	(723,806)	425,292	0	425,292
Net Assets (Deficit), Beginning of Year	53,576,720	(4,027,507)	49,549,213	(996,483)	48,552,730
Net Assets (Deficit), End of Year	$ 54,725,818	$ (4,751,313)	$ 49,974,505	$ (996,483)	$ 48,978,022

See Independent Auditor's Report.

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2018

	GUSC	GUSC Energy Inc.	Combined Balance	Consolidation Elimination	Consolidated Balance
Assets					
Current Assets					
Cash and Cash Equivalents	$ 5,080,046	$ 247,594	$ 5,327,640	$ 0	$ 5,327,640
Accounts Receivable, Net	825,872	0	825,872	0	825,872
Grants Receivable	248,702	0	248,702	0	248,702
Due From Related Party	951,621	0	951,621	(951,621)	0
Prepaid Expenses	60,456	3,205	63,661	0	63,661
Investments	8,884,947	0	8,884,947	0	8,884,947
Total Current Assets	16,051,644	250,799	16,302,443	(951,621)	15,350,822
Property					
Land, Buildings, and Improvements	18,590,475	18,217,928	36,808,403	0	36,808,403
Distribution Lines	21,124,821	0	21,124,821	0	21,124,821
Vehicles and Equipment	9,886,771	0	9,886,771	0	9,886,771
Fuel Tanks	1,406,546	0	1,406,546	0	1,406,546
Office Furnishings	48,200	0	48,200	0	48,200
Construction in Progress	282,866	0	282,866	0	282,866
Total Property	51,339,679	18,217,928	69,557,607	0	69,557,607
Accumulated Depreciation	28,869,586	2,273,542	31,143,128	0	31,143,128
Net Property	22,470,093	15,944,386	38,414,479	0	38,414,479
Other Assets					
Restricted Cash, Cash Equivalents and Investments	7,397,576	0	7,397,576	0	7,397,576
Note Receivable - Subsidiary	6,000,000	0	6,000,000	(6,000,000)	0
Deposits Held by NYISO	1,020,214	0	1,020,214	0	1,020,214
Investment in Subsidiary	996,483	0	996,483	(996,483)	0
Cash Surrender Value	455,656	0	455,656	0	455,656
Total Other Assets	15,869,929	0	15,869,929	(6,996,483)	8,873,446
Total Assets	$ 54,391,666	$ 16,195,185	$ 70,586,851	$ (7,948,104)	$ 62,638,747
Liabilities and Net Assets					
Current Liabilities					
Accounts Payable and Accrued Expenses	$ 536,143	$ 72,975	$ 609,118	$ 0	$ 609,118
Due to Parent	0	951,621	951,621	(951,621)	0
Current Portion of Long-Term Debt	0	306,226	306,226	0	306,226
Deposits	82,293	0	82,293	0	82,293
Total Current Liabilities	618,436	1,330,822	1,949,258	(951,621)	997,637
Noncurrent Liabilities					
Deferred Compensation	196,510	0	196,510	0	196,510
Deferred Tax Liability	0	2,630,130	2,630,130	0	2,630,130
Long-Term Debt	0	16,261,740	16,261,740	(6,000,000)	10,261,740
Total Noncurrent Liabilities	196,510	18,891,870	19,088,380	(6,000,000)	13,088,380
Net Assets					
Net Assets without Donor Restrictions					
Board Designated Reserves	872,389	0	872,389	0	872,389
Undesignated	52,704,331	0	52,704,331	0	52,704,331
Paid-in-Capital	0	996,483	996,483	(996,483)	0
Accumulated Deficit	0	(5,023,990)	(5,023,990)	0	(5,023,990)
Total Net Assets	53,576,720	(4,027,507)	49,549,213	(996,483)	48,552,730
Total Liabilities and Net Assets	$ 54,391,666	$ 16,195,185	$ 70,586,851	$ (7,948,104)	$ 62,638,747

See Independent Auditor's Report.

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the Year Ended December 31, 2018

	GUSC	GUSC Energy Inc.	Combined Balance	Consolidation Elimination	Consolidated Balance
Revenues					
Steam Revenue Charges	$ 2,920,865	$ 0	$ 2,920,865	$ 0	$ 2,920,865
Electricity Distribution Charges	7,951,008	0	7,951,008	(174,879)	7,776,129
Service Fees	0	2,357,648	2,357,648	(2,357,648)	0
Interest Income	267,053	0	267,053	(180,000)	87,053
Investment Income, Net	92,088	0	92,088	0	92,088
Administration Fees	120,000	0	120,000	(120,000)	0
Other Income	44,421	3,960	48,381	0	48,381
Total Revenues	11,395,435	2,361,608	13,757,043	(2,832,527)	10,924,516
Expenses					
Program Services					
Steam Heating Services	4,253,963	3,081,511	7,335,474	(2,712,527)	4,622,947
Electricity Distribution Services	5,338,069	0	5,338,069	0	5,338,069
Supporting Services					
Management and General	806,166	149,173	955,339	(120,000)	835,339
Total Expenses	10,398,198	3,230,684	13,628,882	(2,832,527)	10,796,355
Increase (Decrease) in Net Assets					
Before Other Changes	997,237	(869,076)	128,161	0	128,161
Other Changes					
Capital Grants	128,460	0	128,460	0	128,460
Benefit from Taxes	0	(350,857)	(350,857)	0	(350,857)
Increase in Net Assets	1,125,697	(1,219,933)	(94,236)	0	(94,236)
Net Assets (Deficit), Beginning of Year	52,451,023	(2,807,574)	49,643,449	(996,483)	48,646,966
Net Assets (Deficit), End of Year	$ 53,576,720	$ (4,027,507)	$ 49,549,213	$ (996,483)	$ 48,552,730