

**GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 2 LIQUIDITY AND AVAILABILITY OF FUNDS**

At December 31, 2023, GUSC and its subsidiaries have \$23,026,829 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 \$8,923,201, receivables of \$881,794, and investments of \$14,084,518, less \$862,684 set aside for board designated reserves (see Note 12). At December 31, 2022, GUSC and its subsidiaries had \$19,781,521 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 \$6,453,492, receivables of \$1,534,231, and investments of \$12,656,482, less \$862,684 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 and its subsidiaries have 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 \$881,794 and \$1,353,092 at December 31, 2023 and 2022, 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, management believes this risk is minimal.

**NOTE 4 INVESTMENTS**

Investments at December 31, 2023 and 2022 are comprised of the following:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Invested Cash	\$ 217,489	\$ 217,489	\$ 213,417	\$ 213,417
Certificates of Deposit	1,068,528	1,068,528	1,058,207	1,058,207
U.S. Government and Agency				
Debt Securities	0	0	253,583	256,024
Corporate Debt	21,063,767	20,765,705	20,307,529	19,540,599
Total Investments	<u>\$ 22,349,784</u>	<u>22,051,722</u>	<u>\$ 21,832,736</u>	<u>21,068,247</u>
Less: Restricted Investments		7,967,204		8,411,765
Total Unrestricted Investments		<u>\$ 14,084,518</u>		<u>\$ 12,656,482</u>

**GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 4 INVESTMENTS (Continued)**

The following summarizes net investment return for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and Dividends	\$ 552,777	\$ 242,763
Unrealized Gain (Loss)	466,427	(712,464)
Realized Gain (Loss)	4,417	(1,733)
Investment Fees	<u>(40,146)</u>	<u>(39,145)</u>
Investment Gain (Loss), Net	<u>\$ 983,475</u>	<u>\$ (510,579)</u>

Restricted 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.

**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 to 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.

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, 2023 and 2022.

Invested Cash: Valued at cost which approximates fair value.

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

**GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5 FAIR VALUE MEASUREMENTS (Continued)**

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.

Corporate Debt: Certain corporate debt securities are valued at the closing price reported in the market in which it is traded. Securities for which no sale was reported on that date are valued at the last reported bid price.

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, 2023 and 2022:

		2023		
		Fair Value Measurements at Reporting Date Using the Above Criteria		
<u>Investments</u>	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Invested Cash	\$ 217,489	\$ 217,489	\$ 0	\$ 0
Certificates of Deposit	1,068,528	0	1,068,528	0
Corporate Debt	20,765,705	0	20,765,705	0
Total Investments	22,051,722	<u>\$ 217,489</u>	<u>\$ 21,834,233</u>	<u>\$ 0</u>
Less: Restricted Investments	<u>7,967,204</u>			
Total Unrestricted Investments	<u>\$ 14,084,518</u>			
		2022		
		Fair Value Measurements at Reporting Date Using the Above Criteria		
<u>Investments</u>	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Invested Cash	\$ 213,417	\$ 213,417	\$ 0	\$ 0
Certificates of Deposit	1,058,207	0	1,058,207	0
U.S. Government and Agency Debt Securities	256,024	0	256,024	0
Corporate Debt	19,540,599	0	19,540,599	0
Total Investments	21,068,247	<u>\$ 213,417</u>	<u>\$ 20,854,830</u>	<u>\$ 0</u>
Less: Restricted Investments	<u>8,411,765</u>			
Total Unrestricted Investments	<u>\$ 12,656,482</u>			