

GENESEE GATEWAY LOCAL
DEVELOPMENT CORPORATION

AUDITED BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2021

DRAFT

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Genesee Gateway Local Development Corporation
Batavia, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying consolidated financial statements of Genesee Gateway Local Development Corporation (GGLDC) and its wholly owned subsidiary Genesee Agri-Business, LLC (GABLLC) as of and for the year ended December 31, 2021, and the related notes to the consolidated financial statements, which collectively comprise the GGLDC's basic financial statements, as listed in the table of contents.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the GGLDC as of December 31, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GGLDC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GGLDC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

MEMBERS: American Institute of Certified Public Accountants,
New York State Society of Certified Public Accountants, National Conference of CPA Practitioners

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The Risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GGLDC's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GGLDC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion & Analysis on pages 4 – 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise GGLDC's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and the other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March , 2022; on our consideration of GGLDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GGLDC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GGLDC's internal control over financial reporting and compliance.

Other Reporting Required by New York State Public Authorities law

In accordance with New York State Public Authorities Law, we have also issued our report dated March , 2022, on our consideration of GGLDC's compliance with Section 2925 of New York State Public Authorities Law. The purpose of that report is to determine whether GGLDC obtained and managed its investments in compliance with its own policies and relevant sections of the New York State Public Authorities Law.

Oneonta, New York
March , 2022

Mastert, Manzanero & Scott, LLP

Genesee Gateway Local Development Corporation Management's Discussion and Analysis Year Ended December 31, 2021

This section of the Genesee Gateway Local Development Corporation's (GGLDC) annual financial report presents our discussion and analysis of the GGLDC's financial performance during the fiscal year that ended on December 31, 2021 and should be read in conjunction with the financial statements and accompanying notes.

Overview of the Financial Statements

This annual financial report is made of two parts: first, management's discussion and analysis and secondly, the basic financial statements. The GGLDC is a 501(c)3 non-profit organization whose mission is to assist local economic development efforts by making real estate development investments to bolster shovel-ready tech and industrial park development and to provide tax and other related financial assistance to commercially viable projects in Genesee County thereby enabling the continued development of a sustainable long-term economy.

GGLDC follows enterprise fund reporting. These statements are presented in a manner similar to a private business, such as a property management company. While detailed sub-fund information is not presented, separate accounts are maintained for each fund to control and manage transactions for specific purposes and to demonstrate that the GGLDC is meeting its contractual obligations.

The financial reporting entity includes organizations, functions and activities over which appointed officials exercise oversight responsibility. The Genesee Agri-Business, LLC (GABLLC) has been included in the reporting entity. The GABLLC is a single member LLC whose only member is the GGLDC. The GABLLC owns the 250-acre Genesee Valley Agri-Business Park (GVAB) located in the Town of Batavia. The GVAB is a shovel ready park dedicated to food processing companies. This park is home to Upstate Niagara Cooperative's food processing facility, a food processing support company, Markttec Products, Inc., and a dairy processing plant, HP Hood.

Affiliated Entities

The Genesee County Industrial Development Agency D/B/A Genesee County Economic Development Center (GCEDC), was established by the Genesee County Legislature in 1970 under New York State's General Municipal Law. The GCEDC is a component unit of Genesee County (the County). The GCEDC's mission is to be the driving force in fostering community economic success by providing comprehensive support, technical assistance and access to financial resources to businesses thereby enabling growth, expansion and retention of our existing business base and to market our community as "business friendly" facilitating new business attraction in order to build a sustainable long-term economy.

Financial Analysis of the Corporation

	2021	2020	Higher/ (Lower) Prior Year	% Increase (Decrease)
Cash & Cash Equivalents	\$ 5,080,328	\$ 3,709,753	\$ 1,370,575	37%
Total Current Assets	\$ 5,415,613	\$ 4,067,487	\$ 1,348,126	33%
Land Held for Development & Sale	\$ 3,896,097	\$ 5,949,048	\$ (2,052,951)	(35%)
Capital Assets, Net	\$ 5,095,660	\$ 5,292,070	\$ (196,410)	(4%)
Total Current Liabilities	\$ 437,865	\$ 421,259	\$ 16,606	4%
Total Noncurrent Liabilities	\$ 4,697,901	\$ 4,944,079	\$ (246,178)	(5%)
Total Net Position	\$ 10,036,099	\$ 10,825,757	\$ (789,658)	(7%)
Operating Revenues	\$ 1,100,748	\$ 2,028,766	\$ (928,018)	(46%)
Operating Expenses	\$ 1,727,151	\$ 1,403,815	\$ 323,336	23%
Net Operating Income (Loss)	\$ (626,403)	\$ 624,951	\$ (1,251,354)	(200%)

Total current assets increased by \$1,348,126 (33%) which is due to an increase in cash. The GABLLC closed on a land sale to HP Hood at the GVAB in 2021, collecting net land sale proceeds of \$1.49M. GGLDC land sales at Gateway II Corporate Park to Mega Properties and Gateway GS, LLC generated additional net land sale proceeds of \$560K in 2021.

Land held for development & sale decreased by \$2,052,951 (-35%) which is attributable to the land sales at Gateway II Corporate Park and the GVAB in 2021.

Net capital assets decreased by \$196,410 (-4%) due to depreciation expense for the year.

The following table summarizes GGLDC's results of operations for the fiscal years ended December 31, 2021 and 2020 and changes between the years:

	2021	2020	% Increase / (Decrease)
OPERATING REVENUES			
Grant Income	\$ 172,575	\$ 425,175	(59%)
Gain on Land Held for Development & Sale	\$ 152,979	\$ 759,068	(80%)
Fees	\$ 9,768	\$ 10,400	(6%)
Interest Income on Loans	\$ 23,875	\$ 24,018	(1%)
Other Income	\$ 1,741	\$ 94,752	(98%)
Rent	\$ 739,810	\$ 715,353	3%
Total Operating Revenues	<u>\$ 1,100,748</u>	<u>\$ 2,028,766</u>	(46%)
OPERATING EXPENSES			
General & Administrative	\$ 26,398	\$ 15,422	71%
Property Related Expenses	\$ 308,975	\$ 401,081	(23%)
Site Development	\$ 281,906	\$ 529,523	(47%)
Grant Expense	\$ 958,145	\$ 300,000	219%
Utilities	\$ 16,335	\$ 14,431	13%
Professional Fees	\$ 135,392	\$ 143,358	(6%)
Total Operating Expenses	<u>\$ 1,727,151</u>	<u>\$ 1,403,815</u>	23%
Net Operating Income (Loss)	\$ (626,403)	\$ 624,951	(200%)
NON-OPERATING REVENUES/(EXPENSES)			
Other Interest Income	\$ 4,310	\$ 10,959	(61%)
Interest Expense	\$ (167,565)	\$ (224,253)	(25%)
Total Non-Operating Expenses	<u>\$ (163,255)</u>	<u>\$ (213,294)</u>	(23%)
Change in Net Position	<u>\$ (789,658)</u>	<u>\$ 411,657</u>	(292%)

Decrease in revenue from grants of \$252,600 (-59%):

- See Grant Income section for details of grant revenue recorded in 2021.

Decrease in gain on land held for development & sale of \$606,089 (-80%):

- 50.2 acres of land sold at the GVAB in 2021.
- 31 acres of land sold at Gateway II in 2021.

Decrease in other income of \$93,011 (-98%) is attributable to two insurance claims related to wind and water damage to the roof at the MedTech Centre building in 2020.

Decrease in property related expenses of \$92,106 (-23%):

- 2020 includes MedTech Centre building repairs needed due to wind and water damage to the roof at the MedTech Centre building.

Increase in grant expense of \$658,145 (219%) is attributable to a workforce development grant to Genesee Valley BOCES for them to acquire equipment to provide mechatronics training services.

Decrease in site development expense of \$247,617 (-47%) is attributable to the GGLDC's participation in funding for the Corfu Wastewater Treatment Facility expansion in 2020.

Grant Income

Grant income in support of corporate park and other development initiatives totaled \$172,575 in 2021. The various funding sources for the major grant revenue recognized during the year are described below:

- \$93,000 Annual Community Benefit Agreement payment committed by CNL Income Darien Lake to support infrastructure development in Western Genesee County. Payments occur over 20 years (2008-2027).
- \$50,000 Funding from two solar projects to support Workforce Development Initiatives and the overall Economic Development Program.
- \$10,000 Workforce Development Institute grant for Cornell University and training of Cornell dairy science and sanitation workshop to Batavia high school and Genesee Valley BOCES students.
- \$18,500 Office of Community Renewal Grants to support the HP Hood, Upstate Niagara and the Genesee CARES Business Relief Fund.

Activities

The activities of the GGLDC are organized on the basis of nine divisions, each of which are internally considered a separate accounting entity. A brief overview of the separate divisions of the GGLDC follows:

The Operating Fund accounts for general administration of the GGLDC.

Gateway II Fund: Gateway II Corporate Park, located in the Town of Batavia, is a 57 acre site that is ideal for distribution, warehouse, light manufacturing, office and construction equipment industries needing quick access to the New York State Thruway. The shovel-ready park is home to Ashley Furniture's distribution center and Gateway GS, LLC that has three of five proposed spec buildings at the site, with two currently under construction. Ashley Furniture purchased an approximate 2-acre parcel and Mega Properties purchased the remaining vacant acreage at the park in 2021.

Buffalo East Fund: The Buffalo East Tech Park (BETP) is a 67-acre site located directly off Exit 48A of the New York State Thruway in the Town of Pembroke. Strategic advantages of the park include access to workforce from both the Buffalo and Rochester regions and low-cost hydro-power options for occupants. The GCEDC/GGLDC and the Town of Pembroke, in cooperation with the Village of Corfu, completed the expansion of the wastewater treatment facility's capacity by construction a new 150,000 gpd treatment plant. Current tenants include Yancey's Fancy and Professional Turf Services. There are another 12 acres that are covered under purchase and sale agreements that were approved in early 2021, with closing anticipated to occur in mid-2022.

Ag Park Fund is a one of a kind, 250-acre agri-business and food processing park focused on attracting food processing and related companies to the site. The park is currently home to HP Hood, Upstate Niagara and Marktec Industries. In 2021, HP Hood purchased an additional 40 acres. The park is fully shovel ready. Several other companies are currently looking at the park for the potential construction/location of their production facilities.

MedTech Park Fund - MedTech Park, a 34-acre shovel-ready park located in the Town of Batavia, is home to the Dr. Bruce A. Holm MedTech Centre. The park is equipped with electric, gas and broadband and is dedicated to life science and medical device companies. Marketing the shovel-ready acreage available at the MedTech Park continued in 2021. YSG Solar will be constructing a community solar farm on approximately 7 acres at the MedTech Park in early 2022.

WNY STAMP Fund - WNY STAMP (Science and Technology Advanced Manufacturing Park) is a 1,250-acre advanced manufacturing park located 5 miles north of I-90 Exit 48A in the Town of Alabama. The GGLDC currently owns 53 acres within the STAMP site. Most of the WNY STAMP site is owned by the GCEDC and development activities are currently being undertaken by the GCEDC.

MedTech Centre Fund - MedTech Centre is a 43,000 square foot building known as the Dr. Bruce A. Holm Upstate MedTech Centre and is located within the 34-acre MedTech Park near Genesee Community College (GCC). GCC's School of Nursing occupies the entire second floor. UMMC's Summit Physical and Occupational Therapy Center is located on the first floor of the building and serves residents of Genesee and surrounding counties. GCEDC and GGLDC offices are also located on the first floor. A medical device company, First Wave Technologies, is currently occupying a portion of the accelerator space within MedTech Centre. The GGLDC also has the Innovation Zone space that is available to companies in the community offering office space and video teleconferencing abilities at a low cost. It also creates a welcoming environment for young entrepreneurs to get together, share their ideas and cultivate new business opportunities.

Economic Development Loan Fund – This fund accounts for activity related to a subrecipient agreement between the GCEDC and Genesee County, along with a grant agreement between the GGLDC and Genesee County. GCEDC revolving loan funds have been directed to the GGLDC by Genesee County for the disbursement and administration of approved loans. The GGLDC is using the repayments on those County approved loans to provide additional loans to qualifying businesses.

Batavia Micropolitan Area Redevelopment Fund - This is a loan fund established to foster investments in business districts across the Batavia Micropolitan area which facilitates redevelopment of underutilized buildings and sites.

Capital Assets

The following table summarizes the changes in GGLDC capital assets between fiscal years 2021 and 2020:

Changes in Capital Assets between Fiscal Years 2021 and 2020

Financial Highlights

	2021	2020	Increase / (Decrease)
Furniture & Equipment	\$ 46,599	\$ 46,599	\$ -
Building and Improvements	\$ 7,202,120	\$ 7,202,120	\$ -
Less Accumulated Depreciation	\$ (2,153,059)	\$ (1,956,649)	\$ (196,410)
Net Capital Assets	\$ 5,095,660	\$ 5,292,070	\$ (196,410)
Land Held for Development & Sale	\$ 3,896,097	\$ 5,949,048	\$ (2,052,951)

Contacting GGLDC's Financial Management

This financial report is designed to provide our clients and the public with a general overview of the GGLDC's finances and to demonstrate accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the Genesee Gateway Local Development Corporation, 99 MedTech Drive, Batavia, New York, 14020.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS:

Current assets:

Cash and cash equivalents	\$	5,080,328
Accounts receivable		8,074
Grants receivable		34,980
Prepaid items		10,439
Loans receivable - current portion		281,792
Total current assets		<u>5,415,613</u>

Noncurrent assets:

Loans receivable - noncurrent portion (net of \$201,229 allowance for bad debts)		764,495
Land held for development and sale		3,896,097
Capital assets, net		5,095,660
Total noncurrent assets		<u>9,756,252</u>

Total assets		<u>15,171,865</u>
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LIABILITIES:

Current liabilities:

Accounts payable		46,279
Security deposits payable		109,944
Unearned revenue		56,571
Bond payable - current portion		148,743
Loan payable - current portion		76,328
Total current liabilities		<u>437,865</u>

Noncurrent liabilities:

Bond payable - noncurrent portion		2,519,445
Loan payable - noncurrent portion		2,178,456
Total noncurrent liabilities		<u>4,697,901</u>

Total liabilities		<u>5,135,766</u>
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NET POSITION:

Net investment in capital assets		172,688
Restricted		475,660
Unrestricted		9,387,751
Total net position	\$	<u>10,036,099</u>

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GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUES:

Fees		\$	9,768
Grant income			172,575
Interest income on loans			23,875
Rent			739,810
Other income			1,741
Gain on sale of land held for development and sale			152,979
Total operating revenues			<u>1,100,748</u>

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OPERATING EXPENSES:

Brokerage fees			460
Depreciation			196,410
Fees and permits			275
Grant expense			958,145
Insurance			26,818
Miscellaneous			25,310
Professional fees			134,932
Site maintenance			68,026
Site development			281,906
Special district fees			17,721
Supplies			813
Utilities			16,335
Total operating expenses			<u>1,727,151</u>

Operating loss (626,403)

NONOPERATING REVENUES (EXPENSES):

Interest expense			(167,565)
Other interest income			4,310
Total nonoperating expenses			<u>(163,255)</u>

Change in net position (789,658)

Net position - beginning 10,825,757

Net position - ending \$ 10,036,099

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

**CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:

Fees	\$	9,768
Grant income		168,001
Interest income on loans		21,517
Other income		5,632
Rent		755,336
Repayments of loans		304,369
Proceeds from sale of land, net of related expenses		2,048,328
Grant expense		(958,145)
Issuance of loans		(150,000)
Insurance		(28,846)
Miscellaneous expense		(25,310)
Professional fees		(118,073)
Fees and permits		(290)
Site development		(109,244)
Site maintenance		(101,530)
Special district fees		(17,721)
Supplies		(805)
Utilities		(15,765)
Net cash provided by operating activities		<u>1,787,222</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Principal payments on bonds and loans		(245,853)
Interest paid on bonds and loans		(175,104)
Net cash used by capital and related financing activities		<u>(420,957)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income		4,310
Net cash provided by investing activities		<u>4,310</u>

Net increase in cash and cash equivalents 1,370,575

Cash and cash equivalents - beginning of year 3,709,753

Cash and cash equivalents - end of year \$ 5,080,328

See accompanying notes to the consolidated financial statements.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

**CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**

**RECONCILIATION OF OPERATING LOSS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

Operating loss	\$	(626,403)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense		196,410
Decrease in accounts receivable		216
(Increase) in grants receivable		(4,574)
(Increase) in prepaid items		(2,028)
Decrease in loans receivable		154,369
Decrease in land held for development and sale		2,052,951
(Decrease) in accounts payable		(1,035)
Increase in unearned revenue		17,316
Total adjustments		<u>2,413,625</u>
Net cash provided by operating activities, page 12	\$	<u><u>1,787,222</u></u>

See accompanying notes to the consolidated financial statements.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Genesee Gateway Local Development Corporation (the GGLDC) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the GGLDC's accounting policies are described below.

A. REPORTING ENTITY

The GGLDC was created in 2004 with a focus on economic development opportunities related to real estate and corporate park development. The corporation is a public instrumentality formed exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. The Genesee County Industrial Development Agency D/B/A Genesee County Economic Development Center (GCEDC) is the sole member of the corporation.

The financial reporting entity includes organizations, functions, and activities over which appointed officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing agency, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Genesee Agri-Business, LLC has been included in the reporting entity as a blended component unit.

The financial reporting entity consists of (a) the primary entity which is the GGLDC, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary entity is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The decision to include a potential unit in the GGLDC's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability, in accordance with U.S. GAAP.

Management has determined that the GGLDC is not a component unit of the GCEDC in accordance with U.S. GAAP.

B. BASIS OF PRESENTATION

The GGLDC's basic financial statements consist of three statements that provide information about the GGLDC's activities. The first statement is the consolidated statement of net position which lists all of the GGLDC's assets and liabilities, with the difference reported as net position. The second statement is the consolidated statement of revenues, expenses and changes in net position which details how the GGLDC's net position changed during the current year based on the reporting of the revenues and expenses recognized by the GGLDC. The third statement is the consolidated statement of cash flows which reports the activities that provide or use the cash and cash equivalents of the GGLDC.

The accounts of the GGLDC are organized on the basis of sub-funds or account groups. A separate sub-fund is used to account for each development project and an operating fund is used for all resources over which the board of directors has discretionary control to carry out the operations of the GGLDC. The following sub-funds are used: Operating fund, Gateway II fund, Buffalo East fund, Ag Park fund, Med Tech Park fund, WNY STAMP fund, Med Tech Centre fund, Economic Development Loan fund, and Batavia Micropolitan Area Redevelopment Loan fund.

C. CONSOLIDATED FINANCIAL STATEMENT PRESENTATION

The consolidated financial statements include the accounts of the GGLDC and the Genesee Agri-Business, LLC. All significant intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements. These consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The GGLDC's financial statements are prepared in conformity with accounting principles generally accepted in the United States as applied to government units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The financial statements of the GGLDC are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the GGLDC gives or receives value without directly receiving or giving equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

E. NET POSITION

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and related debt.
- b. Restricted - Consists of net positions with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

F. INCOME TAXES

The GGLDC is exempt from federal income taxes under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes has been made on the accompanying financial statements.

G. CASH AND CASH EQUIVALENTS

The GGLDC's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

H. ACCOUNTS RECEIVABLE

Accounts receivable are reported at their net realizable value. Generally accepted accounting principles require the establishment of an allowance for uncollectible accounts. No allowance for uncollectible accounts receivable has been provided since management believes that such allowance would not be necessary.

I. LOANS RECEIVABLE

Loans receivable are shown net of the allowance for bad debts in accordance with generally accepted accounting principles. Receivables for loans are reviewed periodically by management to update the provisions for uncollectible amounts. These provisions are estimated based on an analysis of the aging of the receivable and any other factors known by management.

J. DUE TO/FROM OTHER FUNDS

During the course of operations, numerous transactions occur between individual sub-funds that may result in amounts owed between sub-funds. Those related to goods and service type transactions are classified as "due to and from other funds". All balances are eliminated on the Combining Statement of Net Position.

K. LAND HELD FOR DEVELOPMENT AND SALE

Land held for development and sale is valued at cost.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

L. EQUITY INVESTMENT IN GENESEE AGRI-BUSINESS, LLC (GAB, LLC)

Equity Investment in GAB, LLC represents the GGLDC's investment in Genesee Agri-Business, LLC. The GGLDC utilizes the equity method of accounting for its investment in GAB, LLC which results in the Equity Investment balance being increased or decreased by GGLDC's share of GAB, LLC's change in net position plus any contributions made by GGLDC.

M. UNEARNED REVENUE

The GGLDC reports unearned revenue on its statement of net position. Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the GGLDC before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the GGLDC has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

N. CAPITAL ASSETS

Capital assets are recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. The cost of repairs, maintenance and minor replacements is expensed as incurred, whereas expenditures that materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in income.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the GGLDC are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Furniture and equipment	\$1,000	straight-line	5-7 years
Buildings and improvements	\$1,000	straight-line	30-40 years

O. STATEMENT OF CASH FLOWS

For the purposes of the consolidated statement of cash flows the GGLDC considers cash and cash equivalents to be all unrestricted and restricted cash accounts including demand accounts and short-term investments with original maturities of three months or less from the date of acquisition.

P. ACCOUNTING PRONOUNCEMENTS

The GGLDC has evaluated GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* and GASB 98, *The Annual Comprehensive Financial Report*, and have determined that there is no significant impact for the year ended December 31, 2021.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the GGLDC, for their potential impact in future years.

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2022.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2022.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2022.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- Statement No. 93, *Replacement of Interbank Offered Rates*, which is effective for the year ending December 31, 2021, except for paragraph 11b, which will be effective for the year ending December 31, 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending December 31, 2022.

Q. USE OF ESTIMATES

The preparation of financial statements in accordance 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, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2. DEPOSITS AND INVESTMENTS

The GGLDC's investment policies are governed by State statutes. In addition, the GGLDC has its own written investment policy. GGLDC monies must be deposited in Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or trust companies located within the State. The GGLDC is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury and its agencies, repurchase agreements and obligations of the State and its localities.

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

As of December 31, 2021, cash balances of \$44,099 in the GGLDC were not fully collateralized or covered by FDIC insurance. GGLDC's cash balances were fully collateralized as of January 25, 2022. As of December 31, 2021, cash balances of \$2,284,088 in the GAB, LLC were not fully collateralized or covered by FDIC insurance.

Investment and Deposit Policy

The GGLDC follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the GGLDC's Treasurer.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The GGLDC's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Credit Risk

The GGLDC’s policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The GGLDC’s investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of the State of New York and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the GGLDC’s investment and deposit policy, all deposits of the GGLDC including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The GGLDC restricts the securities to the following eligible items: Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.

- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

NOTE 3. LOANS RECEIVABLE

The GGLDC provides low interest loans to businesses located in Genesee County in order to encourage economic development. Loans receivable consisted of the following at December 31, 2021:

		<u>Operating Fund Terms</u>	<u>Current</u>	<u>Noncurrent</u>
HP Hood, LLC	Annual payments for 5 years at 0% interest, maturing March 2024.		\$ 100,000	\$ 200,000
Freightliner & Western Star of Batavia, LLC	Monthly payments for 5 years at 2% interest, maturing July 2024.		41,520	73,533
Freightliner & Western Star of Batavia, LLC (Deferred Loan)	No interest shall accrue on the outstanding principal; matures June 2024.		-	224,500
Caccamise Auto Transport*	Monthly payments for 4 years at 3.25% interest, maturing April 2025.		2,415	5,386
Kanaley Painting*	Monthly payments for 5 years at 2.25% interest, matured April 2015. The GGLDC is currently working on collecting this loan.		<u>9,260</u>	-
Subtotal – Operating Fund			<u>153,195</u>	<u>503,419</u>
		<u>Economic Development Loan Fund</u>	<u>Current</u>	<u>Noncurrent</u>
Liberti, Valvo & Associates, LLC (#1)	Monthly payments for 7 years at 3.4% interest, maturing July 2024.		7,478	12,371

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

R&R Float Center	Monthly payments for 10 years at 4.2% interest, maturing August 2029.	18,387	71,215
Yancey's Fancy, Inc.	Monthly payments for 5 years at 3% interest, maturing February 2024.	65,676	79,150
Liberti, Valvo & Associates, LLC (#2)	Monthly payments for 10 years at 3.25% interest, maturing July 2030.	9,008	78,720
Fraser-Branche Property, LLC	Monthly payments for 10 years at 3.25%, maturing June 2031.	<u>12,045</u>	<u>130,541</u>
Subtotal – Economic Development Loan Fund		<u>112,594</u>	<u>371,997</u>
	<u>Batavia Micropolitan Area Redevelopment Loan Fund</u>	<u>Current</u>	<u>Noncurrent</u>
Batavia Brewing Company, LLC	Payments of interest only for 12 months, thereafter monthly payments for 9 years at 3.4% interest, maturing January 2028.	<u>16,003</u>	<u>90,308</u>
Total Loans Receivable		<u>\$ 281,792</u>	<u>\$ 965,724</u>

*Loans acquired from Genesee County Chamber of Commerce in March 2019.

The GGLDC estimated an allowance for bad debts in the Operating Fund of \$201,229, which is considered by management to be sufficient for any losses. Through evaluation of outstanding loan receivables in other funds, there is no additional allowance for doubtful accounts as of December 31, 2021.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the GGLDC for the year ended December 31, 2021 was as follows:

	<u>Balance 01/01/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2021</u>
Capital assets being depreciated				
Building and improvements	\$ 7,202,120	\$ -	\$ -	\$ 7,202,120
Furniture and equipment	<u>46,599</u>	<u>-</u>	<u>-</u>	<u>46,599</u>
Total capital assets being depreciated	<u>7,248,719</u>	<u>-</u>	<u>-</u>	<u>7,248,719</u>
Less accumulated depreciation:				
Building and improvements	1,922,569	192,655	-	2,115,224
Furniture and equipment	<u>34,080</u>	<u>3,755</u>	<u>-</u>	<u>37,835</u>
Total accumulated depreciation	<u>1,956,649</u>	<u>196,410</u>	<u>-</u>	<u>2,153,059</u>
Total capital assets being depreciated, net	<u>\$ 5,292,070</u>	<u>\$ (196,410)</u>	<u>\$ -</u>	<u>\$ 5,095,660</u>

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. LAND HELD FOR DEVELOPMENT AND SALE.

Land held for development and sale activity for the year ended December 31, 2021 was as follows:

	<u>Balance</u> <u>01/01/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2021</u>
GGLDC	\$ 3,496,874	\$ -	\$ (940,507)	\$ 2,556,367
GAB, LLC	<u>2,452,174</u>	<u>-</u>	<u>(1,112,444)</u>	<u>1,339,730</u>
Total	<u>\$ 5,949,048</u>	<u>\$ -</u>	<u>\$ (2,052,951)</u>	<u>\$ 3,896,097</u>

NOTE 6. UNEARNED REVENUE

The GGLDC leases space in the Med Tech Centre building to the GCEDC, Genesee Community College, United Memorial Medical Center and First Wave Technologies, Inc. At December 31, 2021, rent received in advance totaled \$55,984.

Interest received in advance related to loans receivable totaled \$587 at December, 31, 2021.

NOTE 7. LINE OF CREDIT

In February 2011, the GGLDC obtained a revolving line of credit from Five Star Bank for \$700,000. The line carries an interest rate equal to prime rate, with a floor of 4%. Collateral consists of a first lien position General Security Agreement on all business assets of the GGLDC and a second lien position General Security Agreement on all business assets of GCEDC, a related entity.

At December 31, 2021, there was no funds drawn against the line of credit.

NOTE 8. LOANS PAYABLE

Upon completion of construction of the MedTech Centre building in 2010, the GGLDC converted a construction loan into permanent financing. Permanent financing consists of a loan payable to the United States Department of Agriculture and two bonds payable to Five Star Bank (See Note 9). The debt is secured by the MedTech Centre building, along with any fixtures within.

The loan payable to the United States Department of Agriculture, with an original amount of \$3,000,000, is due in monthly installments of \$14,340 with an interest rate of 4%, maturing September 2040, or until paid in full. At December 31, 2021, there was a balance of \$2,254,784.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Current maturities of loans payable are as follows for the years ending December 31:

<u>Year ending December 31:</u>	<u>Loans Payable GGLDC</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 76,328	\$ 95,752
2023	86,516	85,564
2024	90,041	82,039
2025	93,710	78,370
2026	97,528	74,552
2027-2031	550,577	309,823
2032-2036	672,254	188,147
2037-2040	<u>587,830</u>	<u>45,296</u>
Total	<u>\$ 2,254,784</u>	<u>\$ 959,543</u>

NOTE 9. BONDS PAYABLE

In September 2010, the GGLDC closed on two bonds with Five Star Bank providing permanent financing related to construction of the MedTech Centre building.

The following is a summary of bonds with a corresponding maturity schedule:

<u>Description</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Interest Rate*</u>	<u>Date of Final Maturity</u>	<u>Balance at 12/31/2021</u>
MedTech Centre – Taxable	09/10	\$1,078,095	3.16%	09/35	\$ 777,456
MedTech Centre – Tax Exempt	09/10	\$2,821,905	2.52%	09/35	<u>1,890,732</u>
					<u>\$ 2,668,188</u>

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 148,743	\$ 66,251
2023	167,490	67,048
2024	171,959	62,580
2025	176,909	57,629
2026	181,820	52,718
2027-2031	987,597	185,091
2032-2035	<u>833,670</u>	<u>44,627</u>
Total	<u>\$ 2,668,188</u>	<u>\$ 535,944</u>

NOTE 10. RELATED PARTY TRANSACTIONS

The GGLDC has related party relationships with the Genesee County Industrial Development Agency D/B/A Genesee County Economic Development Center (GCEDC), and the Genesee Agri-Business, LLC (GAB, LLC).

The GAB, LLC was formed in December 2007 to engage in business that furthers the development of the Genesee Valley Agri-Business Park. The GGLDC is the sole member of the GAB, LLC.

The GCEDC leases office space from the GGLDC. A lease agreement was entered into in July 2009 to occupy 3,100 square feet of office space at the Med Tech Centre building. The term of the lease is for 15 years commencing in June 2010, upon substantial completion of the building. This lease was amended in October 2015 to include an additional 1,400 square feet of space. As of January 2021, the monthly rent rate was \$1,548. At December 31, 2021, the GGLDC held a \$2,832 security deposit from the GCEDC as required by the lease agreement.

GENESSEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The GGLDC granted \$300,000 to the GCEDC in 2020 to support the continuing economic development program.

The GCEDC is a co-borrower on a \$3,000,000 loan to the GGLDC from the United States Department of Agriculture received on September 3, 2010. The loan has an interest rate of 4% and a term of 30 years. There was an outstanding balance of \$2,254,784 at December 31, 2021.

The GCEDC is a co-borrower on a \$700,000 line of credit that the GGLDC obtained from Five Star Bank in 2011. The line carries an interest rate equal to prime rate, with a floor of 4%. At December 31, 2021, there were no funds drawn against this line.

The GGLDC is a guarantor on four loans totaling \$5,196,487 to the GCEDC from Empire State Development. The loans have a 0% interest rate with no principal payment due for the first five years. At the end of the fifth year, Empire State Development could make a determination as to whether to (1) require a full principal balloon payment; (2) waive the obligation to repay the loans; or (3) extend the loans for another five year term with payment terms to be determined. These loans have been extended with a new maturity date of May 2026.

NOTE 11. DARIEN LAKE PROJECT

In consideration of significant economic incentives and community support provided by Genesee County to the owners/operators of Darien Lake theme park, in February 2008, Darien Lake committed to funding a Community Benefit Agreement ("CBA") totaling \$1,832,000 over twenty years to the GGLDC in support of infrastructure development and deployment for the public benefit. The CBA commenced October 1, 2008. A \$93,000 payment was received in 2021. Payments of \$93,000 will be received annually from 2022 through 2027.

NOTE 12. EQUITY INVESTMENT

The GGLDC owns 100% interest in the GAB, LLC. The GGLDC's equity investment in the GAB, LLC as of December 31, 2021 is as follows:

Balance at the beginning of year	\$ 3,220,240
Net distributions	<u>(658,000)</u>
Total equity investment at end of year	<u>\$ 2,562,240</u>

NOTE 13. NET POSITION

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted:

Net investment in capital assets – This category groups all capital assets into one component of net assets. Accumulated depreciation and debt used to fund capital asset purchases reduce the balance in this category. The following presents a reconciliation of capital assets (net of accumulated depreciation), to net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 5,095,660
Loans payable	(2,668,188)
Bonds payable	<u>(2,254,784)</u>
Net investment in capital assets	<u>\$ 172,688</u>

Restricted net position – assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

- *Restricted for Med Tech Centre* – represents funds required to be set aside for replacement/repair fund by an outside regulatory agency.
- *Restricted for Buffalo East* – represents funds remaining of the payments received towards the CBA with Darien Lake.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unrestricted net position – This category represents net position of the GGLDC not restricted for any project or other purpose.

NOTE 14 - CONTINGENCIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. This event is not expected to have a structural impact on the GGLDC.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through XXXX, 2021, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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SUPPLEMENTARY INFORMATION

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GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION
 CONSOLIDATING STATEMENT OF NET POSITION
 DECEMBER 31, 2021

draft

	Genesee Gateway Local Development Corporation	Genesee Agri- Business LLC	Eliminations	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 2,539,183	\$ 2,541,145	\$ -	\$ 5,080,328
Accounts receivable	8,059	15	-	8,074
Grants receivable	34,980	-	-	34,980
Prepaid items	10,439	-	-	10,439
Loans receivable - current portion	281,792	-	-	281,792
Total current assets	<u>2,874,453</u>	<u>2,541,160</u>	<u>-</u>	<u>5,415,613</u>
Noncurrent assets:				
Loans receivable- noncurrent portion (net of \$201,229 allowance for bad debts)	764,495	-	-	764,495
Land held for development and sale	2,556,367	1,339,730	-	3,896,097
Capital assets, net	5,095,660	-	-	5,095,660
Equity investment in GAB, LLC	2,562,240	-	(2,562,240)	-
Total noncurrent assets	<u>10,978,762</u>	<u>1,339,730</u>	<u>(2,562,240)</u>	<u>9,756,252</u>
Total assets	<u>13,853,215</u>	<u>3,880,890</u>	<u>(2,562,240)</u>	<u>15,171,865</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	46,279	-	-	46,279
Security deposits payable	109,944	-	-	109,944
Unearned revenue	56,571	-	-	56,571
Bond payable - current portion	148,743	-	-	148,743
Loan payable - current portion	76,328	-	-	76,328
Total current liabilities	<u>437,865</u>	<u>-</u>	<u>-</u>	<u>437,865</u>
Noncurrent liabilities:				
Bond payable - noncurrent portion	2,519,445	-	-	2,519,445
Loan payable - noncurrent portion	2,178,456	-	-	2,178,456
Total noncurrent liabilities	<u>4,697,901</u>	<u>-</u>	<u>-</u>	<u>4,697,901</u>
Total liabilities	<u>5,135,766</u>	<u>-</u>	<u>-</u>	<u>5,135,766</u>
NET POSITION:				
Net investment in capital assets	172,688	-	-	172,688
Restricted	475,660	-	-	475,660
Unrestricted	8,069,101	3,880,890	(2,562,240)	9,387,751
Total net position	<u>\$ 8,717,449</u>	<u>\$ 3,880,890</u>	<u>\$ (2,562,240)</u>	<u>\$ 10,036,099</u>

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021

	Genesee Gateway Local Development Corporation	Genesee Agri- Business LLC	Eliminations	Total
OPERATING REVENUES:				
Fees	\$ 3,500	\$ 6,268	\$ -	\$ 9,768
Grant income	172,575	-	-	172,575
Interest income on loans	23,875	-	-	23,875
Rent	723,946	15,864	-	739,810
Other income	1,741	-	-	1,741
Gain (loss) on sale of land held for development & sale	(223,202)	376,181	-	152,979
Total operating revenues	<u>702,435</u>	<u>398,313</u>	<u>-</u>	<u>1,100,748</u>
OPERATING EXPENSES:				
Brokerage fees	460	-	-	460
Depreciation	196,410	-	-	196,410
Fees and permits	100	175	-	275
Grant expense	958,145	-	-	958,145
Insurance	26,818	-	-	26,818
Miscellaneous	25,310	-	-	25,310
Professional fees	134,932	-	-	134,932
Site maintenance	68,026	-	-	68,026
Site development	281,906	-	-	281,906
Special district fees	9,363	8,358	-	17,721
Supplies	813	-	-	813
Utilities	16,335	-	-	16,335
Total operating expenses	<u>1,718,618</u>	<u>8,533</u>	<u>-</u>	<u>1,727,151</u>
Operating income (loss)	<u>(1,016,183)</u>	<u>389,780</u>	<u>-</u>	<u>(626,403)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest expense	(167,565)	-	-	(167,565)
Other interest income	2,909	1,401	-	4,310
Total nonoperating revenues (expenses)	<u>(164,656)</u>	<u>1,401</u>	<u>-</u>	<u>(163,255)</u>
Change in net position	(1,180,839)	391,181	-	(789,658)
Net position - beginning	9,898,288	4,147,709	(3,220,240)	10,825,757
Less: equity distribution	-	(658,000)	658,000	-
Net position - ending	<u>\$ 8,717,449</u>	<u>\$ 3,880,890</u>	<u>\$ (2,562,240)</u>	<u>\$ 10,036,099</u>

draft

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2021

draft

	Operating Fund	Gateway II Fund	Buffalo East Fund	Ag Park Fund	Med Tech Park Fund	WNY STAMP Fund	Med Tech Centre Fund	Economic Development Loan Fund	Batavia Micropolitan Area Redevelopment Loan Fund	Total
ASSETS:										
Current assets:										
Cash and cash equivalents	\$ 714,395	\$ -	\$ 287,935	\$ -	\$ -	\$ -	\$ 789,090	\$ 316,011	\$ 431,752	\$ 2,539,183
Accounts receivable	103	-	-	-	1,500	-	86	6,370	-	8,059
Grants receivable	33,905	-	-	-	-	-	1,075	-	-	34,980
Prepaid items	2,900	-	-	-	-	-	7,539	-	-	10,439
Due from (to) other funds	15,897	-	(131,252)	187,103	-	(71,748)	-	-	-	-
Loans receivable - current portion	153,195	-	-	-	-	-	-	112,594	16,003	281,792
Total current assets	<u>920,395</u>	<u>-</u>	<u>156,683</u>	<u>187,103</u>	<u>1,500</u>	<u>(71,748)</u>	<u>797,790</u>	<u>434,975</u>	<u>447,755</u>	<u>2,874,453</u>
Noncurrent assets:										
Loans receivable - noncurrent portion (net of \$201,229 allowance for bad debts)	302,190	-	-	-	-	-	-	371,997	90,308	764,495
Land held for development and sale	-	185,010	1,671,210	4,150	214,166	161,281	320,550	-	-	2,556,367
Capital assets, net:										
Furniture and equipment	-	-	-	3,742	-	-	42,857	-	-	46,599
Buildings and improvements	-	-	-	-	-	-	7,202,120	-	-	7,202,120
Less: accumulated depreciation	-	-	-	(1,604)	-	-	(2,151,455)	-	-	(2,153,059)
Total capital assets, net	-	-	-	2,138	-	-	5,093,522	-	-	5,095,660
Equity investment in GAB, LLC	-	-	-	2,562,240	-	-	-	-	-	2,562,240
Total noncurrent assets	<u>302,190</u>	<u>185,010</u>	<u>1,671,210</u>	<u>2,568,528</u>	<u>214,166</u>	<u>161,281</u>	<u>5,414,072</u>	<u>371,997</u>	<u>90,308</u>	<u>10,978,762</u>
Total assets	<u>1,222,585</u>	<u>185,010</u>	<u>1,827,893</u>	<u>2,755,631</u>	<u>215,666</u>	<u>89,533</u>	<u>6,211,862</u>	<u>806,972</u>	<u>538,063</u>	<u>13,853,215</u>
LIABILITIES:										
Current liabilities:										
Accounts payable	19,791	-	3,112	18,943	-	-	4,433	-	-	46,279
Security deposits payable	-	-	-	-	-	-	109,944	-	-	109,944
Unearned revenue	198	-	-	-	-	-	55,984	389	-	56,571
Bond payable - current portion	-	-	-	-	-	-	148,743	-	-	148,743
Loan payable - current portion	-	-	-	-	-	-	76,328	-	-	76,328
Total current liabilities	<u>19,989</u>	<u>-</u>	<u>3,112</u>	<u>18,943</u>	<u>-</u>	<u>-</u>	<u>395,432</u>	<u>389</u>	<u>-</u>	<u>437,865</u>
Noncurrent Liabilities										
Bond payable - noncurrent portion	-	-	-	-	-	-	2,519,445	-	-	2,519,445
Loan payable - noncurrent portion	-	-	-	-	-	-	2,178,456	-	-	2,178,456
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,697,901</u>	<u>-</u>	<u>-</u>	<u>4,697,901</u>
Total liabilities	<u>19,989</u>	<u>-</u>	<u>3,112</u>	<u>18,943</u>	<u>-</u>	<u>-</u>	<u>5,093,333</u>	<u>389</u>	<u>-</u>	<u>5,135,766</u>
NET POSITION:										
Net investment in capital assets	-	-	-	2,138	-	-	170,550	-	-	172,688
Restricted	-	-	287,935	-	-	-	187,725	-	-	475,660
Unrestricted	1,202,596	185,010	1,536,846	2,734,550	215,666	89,533	760,254	806,583	538,063	8,069,101
Total net position	<u>\$ 1,202,596</u>	<u>\$ 185,010</u>	<u>\$ 1,824,781</u>	<u>\$ 2,736,688</u>	<u>\$ 215,666</u>	<u>\$ 89,533</u>	<u>\$ 1,118,529</u>	<u>\$ 806,583</u>	<u>\$ 538,063</u>	<u>\$ 8,717,449</u>

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2021

draft

	Operating Fund	Gateway II Fund	Buffalo East Fund	Ag Park Fund	Med Tech Park Fund	WNY STAMP Fund	Med Tech Centre Fund	Economic Development Loan Fund	Batavia Micropolitan Area Redevelopment Loan Fund	Total
OPERATING REVENUES:										
Fees	\$ 3,000	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500
Grant income	78,500	-	93,000	-	-	-	1,075	-	-	172,575
Interest income on loans	3,470	-	-	-	-	-	-	16,450	3,955	23,875
Rent	-	2,226	-	3,900	10,120	-	707,700	-	-	723,946
Other income	-	-	-	-	-	-	27	1,714	-	1,741
Loss on sale of land held for development and sale	-	(223,202)	-	-	-	-	-	-	-	(223,202)
Total operating revenues	<u>84,970</u>	<u>(220,976)</u>	<u>93,500</u>	<u>3,900</u>	<u>10,120</u>	<u>-</u>	<u>708,802</u>	<u>18,164</u>	<u>3,955</u>	<u>702,435</u>
OPERATING EXPENSES:										
Brokerage fees	-	-	-	-	-	-	460	-	-	460
Depreciation	-	-	-	535	-	-	195,875	-	-	196,410
Fees and permits	-	-	-	100	-	-	-	-	-	100
Grant expense	958,145	-	-	-	-	-	-	-	-	958,145
Insurance	7,436	384	809	1,662	-	129	16,398	-	-	26,818
Miscellaneous	25,310	-	-	-	-	-	-	-	-	25,310
Professional fees	48,432	-	3,112	-	-	-	83,388	-	-	134,932
Site maintenance	-	2,767	1,400	3,671	2,075	-	58,113	-	-	68,026
Site development	-	157,602	14,625	109,679	-	-	-	-	-	281,906
Special district fees	-	267	1,276	-	817	217	6,786	-	-	9,363
Supplies	-	-	-	-	-	-	813	-	-	813
Utilities	-	-	-	-	-	-	16,335	-	-	16,335
Total operating expenses	<u>1,039,323</u>	<u>161,020</u>	<u>21,222</u>	<u>115,647</u>	<u>2,892</u>	<u>346</u>	<u>378,168</u>	<u>-</u>	<u>-</u>	<u>1,718,618</u>
Operating income (loss)	(954,353)	(381,996)	72,278	(111,747)	7,228	(346)	330,634	18,164	3,955	(1,016,183)
NONOPERATING REVENUES (EXPENSES):										
Interfund revenues	1,233,452	3,778	3,484	96,312	2,892	346	-	-	-	1,340,264
Interfund expenses	(106,812)	(562,289)	(500)	(662,043)	(8,620)	-	-	-	-	(1,340,264)
Interest expense	-	-	-	-	-	-	(167,565)	-	-	(167,565)
Other interest income	711	-	242	-	-	-	1,131	361	464	2,909
Total nonoperating revenues (expenses)	<u>1,127,351</u>	<u>(558,511)</u>	<u>3,226</u>	<u>(565,731)</u>	<u>(5,728)</u>	<u>346</u>	<u>(166,434)</u>	<u>361</u>	<u>464</u>	<u>(164,656)</u>
Change in net position	172,998	(940,507)	75,504	(677,478)	1,500	-	164,200	18,525	4,419	(1,180,839)
Net position - beginning	<u>1,029,598</u>	<u>1,125,517</u>	<u>1,749,277</u>	<u>3,414,166</u>	<u>214,166</u>	<u>89,533</u>	<u>954,329</u>	<u>788,058</u>	<u>533,644</u>	<u>9,898,288</u>
Net position - ending	<u>\$ 1,202,596</u>	<u>\$ 185,010</u>	<u>\$ 1,824,781</u>	<u>\$ 2,736,688</u>	<u>\$ 215,666</u>	<u>\$ 89,533</u>	<u>\$ 1,118,529</u>	<u>\$ 806,583</u>	<u>\$ 538,063</u>	<u>\$ 8,717,449</u>

INTERNAL CONTROL AND COMPLIANCE

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

To the Board of Directors
Genesee Gateway Local Development Corporation
Batavia, New York

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Genesee Gateway Local Development Corporation ("GGLDC") and its wholly owned subsidiary, Genesee Agri-Business, LLC ("GAB, LLC") as of and for the year ended December 31, 2021, and the related notes to the consolidated financial statements, which collectively comprise GGLDC's basic financial statements, and have issued our report thereon dated March , 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered GGLDC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of GGLDC's internal control. Accordingly, we do not express an opinion on the effectiveness of GGLDC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GGLDC's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GGLDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mistert, Manzanero & Scott, LLP

Oneonta, New York
March , 2022

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH INVESTMENT GUIDELINES FOR PUBLIC AUTHORITIES**

To the Board of Directors
Genesee Gateway Local Development Corporation
Batavia, New York

We have examined the Genesee Gateway Local Development Corporation's (GGLDC) compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") for the year ended December 31, 2021. Management of GGLDC is responsible for the GGLDC's compliance with the specified requirements. Our responsibility is to express an opinion on GGLDC's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether GGLDC complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether GGLDC complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of GGLDC's compliance with specified requirements.

In our opinion, GGLDC complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2021.

This report is intended solely for the information and use of the Board of Directors, management and others within GGLDC and the New York State Authorities Budget Office, and is not intended to be and should not be used by anyone other than these specified parties.

Mostert, Manzanero & Scott, LLP

Oneonta, New York
March , 2022

MEMBERS: American Institute of Certified Public Accountants,
New York State Society of Certified Public Accountants, National Conference of CPA Practitioners