

AUDITED CONSOLIDATED FINANCIAL
STATEMENTS

GENESEE GATEWAY LOCAL
DEVELOPMENT CORPORATION

DECEMBER 31, 2015 WITH
INDEPENDENT AUDITORS' REPORT

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

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SECTION A
FINANCIAL SECTION

4 Associate Drive
Oneonta, New York 13820
Phone: (607) 432-8700
Fax: (607) 432-5122



Deborah L. Mostert, CPA
Anthony T. Manzanero, CPA
Dennis J. Scott, CPA
www.mmscpas.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2015, and the related notes to the consolidated financial statements for the year then ended, which collectively comprise GGLDC's financial statements as listed in the table of contents.

Management's Responsibility for the 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 consolidated 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 audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements.

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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective consolidated financial position of the entity as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion & Analysis on pages 3 - 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, 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 the entity's basic financial statements taken as a whole. The supplementary information in Section C is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplementary 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 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 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 24, 2016 on our consideration of entity'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 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 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 entity's internal control over financial reporting and compliance.

Mostert, Manzanero & Scott, LLP

Oneonta, New York
March 24, 2016

**Genesee Gateway Local Development Corporation
Management's Discussion and Analysis
Year Ended December 31, 2015**

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, 2015 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 a yogurt plant, Alpina Foods, Inc., along with a food-processing support company Markttec Products, Inc. In 2016, Dairy Farmers of America (DFA) acquired a 363,000 square foot manufacturing facility, previously owned by Muller Quaker Dairy, LLC located within the Genesee Valley Agri-Business Park.

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). 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

	2015	2014	Higher/ (Lower) Prior Year	% Increase (Decrease)
Increase in Cash & Cash Equivalents	\$ 1,935,109	\$ 1,551,475	\$ 383,634	25%
Decrease in Total Current Assets	\$ 3,036,875	\$ 3,223,009	\$ (186,134)	(6%)
Increase in Land Held for Development & Sale	\$ 6,910,146	\$ 6,859,185	\$ 50,961	1%
Decrease in Capital Assets, Net	\$ 6,173,684	\$ 6,348,237	\$ (174,553)	(3%)
Decrease in Total Current Liabilities	\$ 1,025,181	\$ 1,296,489	\$ (271,308)	(21%)
Decrease in Total Noncurrent Liabilities	\$ 6,509,573	\$ 7,149,912	\$ (640,339)	(9%)
Increase in Total Net Position	\$ 9,459,292	\$ 9,232,608	\$ 226,684	2%
Revenues from Property Rentals	\$ 668,239	\$ 660,754	\$ 7,485	1%
Revenues from Grants	\$ 1,209,235	\$ 1,373,468	\$ (164,233)	(12%)
Operating Revenues	\$ 1,939,261	\$ 3,080,743	\$ (1,141,482)	(37%)
Operating Expenses	\$ 1,368,250	\$ 2,493,571	\$ (1,125,321)	(45%)
Net Operating Revenues	\$ 571,011	\$ 587,172	\$ (16,161)	(3%)

The increase in cash and cash equivalents of \$383,634 (25%) is primarily attributable to:

- Community Benefit Agreement revenue of \$93,000.
- Grant proceeds received in 2015 reimbursing prior year expenditures. Most grants that the GGLDC receives are reimbursement based, therefore funds are expended upfront and sometimes not collected until the following fiscal year.

Total current assets decreased by \$186,134 (-6%) which is mostly due to a decrease in grants receivable. The GGLDC received Empire State Development grant funds supporting development of the Science and Technology Advanced Manufacturing Park (STAMP) and National Grid grant funds supporting Buffalo East Tech Park improvements.

Land held for development and sale increased by \$50,961 (1%) which is attributable to miscellaneous improvements that were made throughout the year at various GGLDC owned sites.

Current liabilities decreased by \$271,308 (-21%):

- Accounts payable decreased by \$279,151. 2014 accounts payable included \$289,918 for site work performed in 2014, but not paid until January 2015.

Increase in total net position of \$226,684 (2%) is mostly attributable to grant revenue recorded with no offsetting expense.

- \$205,780 PILOT Increment Financing (PIF) from Genesee County supports GVAB improvements; pays annual principal and interest on a bond that funded GVAB infrastructure improvements.
- \$125,000 Economic Development Loan Fund grant received in 2015 funded loan to P.W. Minor.

The following table summarizes GGLDC's results of operations for the fiscal years ended December 31, 2015 and 2014 and changes between the years:

	2015	2014	% Increase / (Decrease)
OPERATING REVENUES			
Grant Income	\$ 1,209,235	\$ 1,373,468	(12%)
Land Sale Proceeds	\$ -	\$ 1,000,000	(100%)
Fees	\$ 8,250	\$ 7,000	18%
Interest Income on Loans	\$ 40,197	\$ 38,549	4%
Miscellaneous Income	\$ 13,340	\$ 972	1272%
Rent	\$ 668,239	\$ 660,754	1%
Total Operating Revenues	<u>\$ 1,939,261</u>	<u>\$ 3,080,743</u>	(37%)
OPERATING EXPENSES			
General & Administrative	\$ 56,275	\$ 84,225	(33%)
Economic Development Partner Fee	\$ -	\$ 1,000	(100%)
Property Related Expenses	\$ 734,805	\$ 1,658,929	(56%)
Grant Expense	\$ 300,000	\$ 400,000	(25%)
Utilities	\$ 20,239	\$ 35,603	(43%)
Professional Fees	\$ 256,931	\$ 313,814	(18%)
Total Operating Expenses	<u>\$ 1,368,250</u>	<u>\$ 2,493,571</u>	(45%)
Net Operating Revenue	\$ 571,011	\$ 587,172	(3%)
NON-OPERATING REVENUES/EXPENSES			
Other Interest Income	\$ 13,017	\$ 1,222	965%
Interest Expense	\$ (357,344)	\$ (369,378)	(3%)
Total Non-Operating Expense	<u>\$ (344,327)</u>	<u>\$ (368,156)</u>	(6%)
Change in Net Position	\$ 226,684	\$ 219,016	4%

Decrease in revenue from grants \$164,233 (-12%):

- See Grant Revenue section for details of grant revenue recorded in 2015.

Decrease in operating revenues of \$1,141,482 (-37%):

- 2014 includes land sale proceeds from sales at the GVAB and BETP.

Decrease in operating expenses of \$1,125,321 (-45%):

- Cost of sales recorded in 2014 related to land sales at GVAB and BETP.
- An allowance for bad debt was established in 2014 resulting in bad debt expense of \$49,438.
- The Economic Development Grant from the GCEDC was reduced from \$400,000 in 2014 to \$300,000 in 2015.

Grant Revenue

Grant revenue in support of corporate park and other development initiatives totaled \$1,209,235 in 2015. The various funding sources for the major grant revenue recognized during the year are described below.

- \$7,303 NYS Homes and Community Renewal grants; most have a portion of grant funds allocated to administrative costs; this is recognition of revenue related to multiple grants.
- \$55,067 Leroy/Bergen America's Best Communities Grant supporting participation in America's Best Communities funding competition and development of a LeRoy/Bergen Community Revitalization Plan.
- \$25,469 NYS Homes and Community Renewal grant for BETP infrastructure.
- \$15,854 National Grid grant for BETP infrastructure.
- \$93,000 Annual Community Benefit payment committed by CNL Income Darien Lake to support infrastructure development in Western Genesee County. Payments occur over 20 years (2009-2027).
- \$292,785 NYS Homes and Community Renewal grant supporting the Muller Quaker Dairy, LLC project and infrastructure development at the GVAB.
- \$105,500 USDA Grant for pump station upgrades at the GVAB Park.
- \$120,109 Federal Economic Development Administration grant supports secondary roadway construction and Aquifer Direct water system at the GVAB. Total grant awarded of \$1,000,000.
- \$205,780 PILOT Increment Financing, flowing through the GCEDC to support development of the GVAB.
- \$42,134 USDA Grant supporting 2012 GVAB Park land purchase.
- \$116,643 Empire State Development Grant supporting the development and marketing of STAMP.
- \$125,000 Economic Development Loan Funds received from the GCEDC. Loan funds are directed to the GGLDC per a subrecipient agreement between the GCEDC and Genesee County. Per that agreement, loan requests are submitted to the County for approval and the funds are redirected to the GGLDC for loan disbursement and administration.

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 and any activity.

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 the construction equipment industries needing quick access to the NYS Thruway. The shovel-ready park is home to Ashley Furniture's distribution center and nearby is the Western New York Branch of Milton Caterpillar. All utilities, municipal sewer, water, gas and electric are installed in the park. Marketing and promotion efforts were continued in 2015 resulting in several site visits from potential customers.

The Buffalo East Tech Park (BETP) is an approximately 67 acre site located directly off the Pembroke Exit 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. In the Spring of 2014 the GGLDC completed the rezoning and the environmental review (SEQR) of the BETP to support advanced manufacturing. On site sewer was completed by the end of 2014 and is connected to the newly constructed Town of Pembroke sewer system that utilizes the Village of Corfu's wastewater treatment facility. The road widening improvements at the park entrance were completed in 2015 along with the extension of the internal access road. Yancey's Fancy has almost finished construction on their 112,000 square foot facility and expects to be operational in early 2016.

The Genesee Valley Agri-Business Park 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 fully shovel-ready. The secondary access road connecting out to Route 63 was completed in 2014 and the final improvements to Route 63 at the entrance to the park were completed prior to the end of 2015.

Several companies are currently looking at the Ag Park for the potential construction of their production facilities.

Med Tech Park, 34 acres 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 Med Tech Park continued in 2015.

WNY STAMP (Science and Technology Advanced Manufacturing Park) will be a 1,250 acre advanced manufacturing park located 5 miles north of I-90 exit 48A in the Town of Alabama. It holds great potential to be the Western New York home for Nano-Tech enabled manufacturing leveraging the \$10+ billion investment in Nano-Tech that New York State has made to date. At full build-out, the site could employ nearly 10,000 workers and 30,000 regionally when including the supply chain and construction employment effect and could be home to advanced manufacturing companies making technologies like photovoltaic cells (solar cells), semiconductors (computer chips) or flat panel displays. In 2014, the GGLDC utilized a portion of a \$2 million grant from the New York State Senate to conduct additional water and wastewater engineering studies and began marketing activities.

MedTech Centre The construction of the 43,000 square foot Dr. Bruce A. Holm Upstate MedTech Centre located within the 34 acre Upstate Med & Tech Park near Genesee Community College (GCC) was completed in the summer of 2010. GCC's school of nursing occupies the entire second floor. UMMC and Summit's Physical and Occupational Therapy suites are on the first floor of the building and serve residents of Genesee and surrounding counties. GCEDC and GGLDC offices are also located on the first floor. The facility also offers 1,500 sq. ft. of commercialization space to support emerging medical device and young technology firms. A new medical device company, First Wave Technologies, is currently occupying a portion of the accelerator space within MedTech Centre and has expanded the amount of space they are renting in 2014 with buildout of some of the existing vacant space. This also enabled the GGLDC to build the new Innovation Zone space that will be available to companies in the community offering office space and video teleconferencing abilities at a low cost. The Innovation Zone creates a welcoming environment for young entrepreneurs to get together, share their ideas and cultivate new business opportunities.

In 2016, marketing the space available at the Centre as a lifecycle solution for young entrepreneurial firms as they grow and develop in our community will continue.

Economic Development Loan Fund accounts for activity related to a subrecipient agreement between the GCEDC and Genesee County and a grant agreement between the GGLDC and Genesee County. GCEDC revolving loan funds are directed to the GGLDC by Genesee County for the disbursement and administration of approved loans.

Batavia Micropolitan Area Redevelopment Loan Fund A low interest loan fund was 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 2015 and 2014:

Changes in Capital Assets between Fiscal Years 2015 and 2014

Financial Highlights

	2015	2014	Increase / (Decrease)
Furniture & Equipment	\$ 41,550	\$ 21,387	\$ 20,163
Building and Improvements	\$ 7,123,126	\$ 7,123,126	\$ -
Less Accumulated Depreciation	\$ 990,992	\$ 796,276	\$ 194,716
Net Capital Assets	\$ 6,173,684	\$ 6,348,237	\$ (174,553)
Land Held for Development & Sale	\$ 6,910,146	\$ 6,859,185	\$ 50,961

Land held for development and sale increased by \$50,961 due to miscellaneous improvements that were made throughout the year at various GGLDC owned sites.

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, 2015

ASSETS:

Current assets:

Cash & cash equivalents	\$	1,935,109
Deposits		560
Accounts receivable		12,107
Grants receivable		532,870
Unearned interest		1,554
Prepaid expenses		1,398
Loans & mortgages receivable - current portion		261,544
Notes receivable- current portion		110,943
Loans receivable- related party		180,790
Total current assets		<u>3,036,875</u>

Noncurrent assets:

Notes receivable- noncurrent portion		231,066
Loans & mortgages receivable - noncurrent portion (net of \$49,438 allowance for bad debts)		642,275
Land held for development & sale		6,910,146
Capital assets, net		6,173,684
Total noncurrent assets		<u>13,957,171</u>

Total assets 16,994,046

LIABILITIES:

Current liabilities:

Accounts payable		37,979
Line of credit		188,344
Accrued expenses		4,165
Security deposits payable		108,680
Unearned revenue		54,662
Bond payable - current portion		264,243
Loans payable - related party		121,913
Loans payable - current portion		245,195
Total current liabilities		<u>1,025,181</u>

Noncurrent liabilities:

Bond payable - noncurrent portion		3,878,695
Loans payable - noncurrent portion		2,630,878
Total noncurrent liabilities		<u>6,509,573</u>

Total liabilities 7,534,754

NET POSITION:

Net investment in capital assets		57,538
Restricted		505,804
Unrestricted		8,895,950
Total net position	\$	<u>9,459,292</u>

See accompanying notes.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

**CONSOLIDATED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

Year Ended December 31, 2015

OPERATING REVENUES:

Fees	\$	8,250
Grant income		1,209,235
Interest income on loans		40,197
Miscellaneous income		13,340
Rent		668,239
Total operating revenues		<u>1,939,261</u>

OPERATING EXPENSES:

Conferences & meetings		4,540
Depreciation		194,716
Fees & permits		473
Finance charge expense		7,638
Furniture & equipment		3,965
Grant expense		300,000
Insurance		26,739
Marketing program		37,931
Miscellaneous expense		922
Professional fees		256,931
Site development		442,462
Site maintenance		46,388
Special district fees		23,287
Supplies		806
Telephone		1,213
Utilities		20,239
Total operating expenses		<u>1,368,250</u>

Net operating income 571,011

NON-OPERATING REVENUES (EXPENSES):

Interest expense		(357,344)
Other interest income		13,017
Total non-operating expenses		<u>(344,327)</u>

Change in net position 226,684

Net position - beginning 9,232,608

Net position - ending \$ 9,459,292

See accompanying notes.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Fees	\$	8,250
Grant income		1,877,358
Payment received on note		107,991
Interest income on loans		32,476
Miscellaneous income		13,340
Rental income		668,496
Issuance/repayments of loans (net)		192,525
Conferences & meetings		(5,890)
Finance charges		(7,638)
Furniture & equipment		(3,965)
Grant expense		(300,000)
Purchase/improvements of land held for development & sale		(209,066)
Insurance		(25,577)
Marketing program		(40,931)
Miscellaneous expense		(912)
Professional fees		(255,159)
Fees & permits		(473)
Site development		(562,016)
Site maintenance		(46,652)
Special district fees		(23,287)
Supplies		(828)
Telephone		(1,213)
Utilities		(20,240)
Net cash provided by operating activities		<u>1,396,589</u>

CASH FLOWS USED BY CAPITAL & RELATED FINANCING ACTIVITIES:

Principal payments on bonds & loans		(645,074)
Interest paid on bonds & loans		(360,735)
Purchase/improvements of capital assets		(20,163)
Net cash used in capital & related financing activities		<u>(1,025,972)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income		<u>13,017</u>
Net cash provided by investing activities		<u>13,017</u>

Net increase in cash & cash equivalents

383,634

Cash & cash equivalents - beginning

1,551,475

Cash & cash equivalents - ending

\$ 1,935,109

See accompanying notes.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2015

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

Net operating income	\$	571,011
Adjustments to reconcile net operating revenue to net cash provided by operating activities:		
Depreciation expense		194,716
Decrease in loans receivable		192,525
Increase in land held for development and resale		(50,961)
Increase in deposits		(1)
Increase in accounts receivable		(8,009)
Decrease in grant receivable		649,456
Increase in prepaid expenses		(10)
Decrease in accounts payable		(279,151)
Decrease in note receivable		107,991
Increase in deferred revenues		19,022
Total adjustments		<u>825,578</u>
Net cash provided by operating activities	\$	<u><u>1,396,589</u></u>

See accompanying notes.

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 (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.

Reporting Entity: The Genesee Gateway Local Development Corporation (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.

The financial reporting entity consists of (a) the primary entity which is the Genesee Gateway Local Development Corporation, (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 as set forth in GASB Statement No. 14 as amended by GASB No. 39. The decision to include a potential unit in the GGLDC's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended by GASB No. 39, including legal standing, fiscal dependency, and financial accountability.

Management has evaluated the provisions of Government Accounting Standards Board Statement No. 14 - *The Financial Reporting Entity* and No. 39 - *Determining Whether Certain Organizations Are Component Units* - an amendment of GASB Statement No. 14. Based on the provisions of these standards management has determined that the GGLDC is not a component unit of the Genesee County Industrial Development Agency D/B/A Genesee County Economic Development Center (the GCEDC).

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 used 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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."

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.

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.

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 by GGLDC's share of GAB, LLC's change in net position plus any contributions made by GGLDC.

Advances: 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.

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.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Statement of Cash Flows: For the purposes of the statement of cash flows the GGLDC considers cash and cash equivalents to be all unrestricted and restricted cash accounts including demand accounts.

Use of Estimates in Preparation of Financial Statements: 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. This affects the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

Subsequent Events: These financial statements have not been updated for subsequent events occurring after March 24, 2016 which is the date these financial statements were available to be issued.

NOTE 2. CASH 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.

Investment and Deposit Policy: The GGLDC implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

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

NOTE 2. CASH AND INVESTMENTS (Continued)

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.

As of December 31, 2015, cash balances of \$1,363,147 were not covered by FDIC insurance. In February 2016, the GGLDC entered into a custody agreement with The Bank of Castile to obtain collateral for bank balances not covered by FDIC insurance.

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, 2015:

		<u>Current</u>	<u>Noncurrent</u>
First Wave Technologies	Interest only through January 2015, thereafter monthly payments for 3.5 years at 5.25% interest, maturing July 2018.	\$ 133,135	\$ 238,646
Alpina Foods, Inc.	Monthly payments for 5 years at 0% interest, maturing July 2018.	46,800	74,100
Yancey's Fancy, Inc. #3	Monthly payments for 7 years at 3% interest, maturing February 2020.	21,284	71,763
Yancey's Fancy, Inc. #4	Monthly payments for 7 years at 3% interest, maturing January 2021.	27,609	121,730
PW Minor, LLC	Monthly payments for 5 years at 3% interest, maturing November 2020.	23,584	99,483
13 Jackson Square, LLC	Payments of interest only for 12 months, thereafter monthly payments for 9 years at 3% interest, maturing July 2024.	<u>9,132</u>	<u>85,991</u>
Total loans receivable		<u>\$ 261,544</u>	<u>\$ 691,713</u>

The GGLDC estimated an allowance for bad debts in the Operating Fund of \$49,438, which is considered by management to be sufficient for any losses.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. NOTE RECEIVABLE

In 2014, the GAB, LLC entered into a purchase and sale agreement with Alpina Foods, Inc. related to the sale of 10 acres of land at the Genesee Valley Agri-Business Park. The purchase price was \$500,000, of which \$50,000 was received at closing. The balance of \$450,000 is to be paid in four installments. The note receivable has an interest rate of 2.7%. Future payments will be as follows:

2016	110,943
2017	113,975
2018	<u>117,091</u>
Total	<u>\$342,009</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the GGLDC for the year ended December 31, 2015 was as follows:

	Balance <u>01/1/15</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/15</u>
Capital assets being depreciated				
Building and improvements	\$ 7,123,126	\$ -	\$ -	\$ 7,123,126
Furniture and equipment	<u>21,387</u>	<u>20,163</u>	<u>-</u>	<u>41,550</u>
Total capital assets being depreciated	<u>7,144,513</u>	<u>20,163</u>	<u>-</u>	<u>7,164,676</u>
Less accumulated depreciation:				
Building and improvements	786,433	187,221	-	973,654
Furniture and equipment	<u>9,843</u>	<u>7,495</u>	<u>-</u>	<u>17,338</u>
Total accumulated depreciation	<u>796,276</u>	<u>194,716</u>	<u>-</u>	<u>990,992</u>
Total capital assets being depreciated, net	<u>\$ 6,348,237</u>	<u>\$ (174,553)</u>	<u>\$ -</u>	<u>\$ 6,173,684</u>

NOTE 6. LAND HELD FOR DEVELOPMENT AND SALE

Land held for development and sale activity for the year ended December 31, 2015 was as follows:

	Balance <u>01/01/15</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/15</u>
Land held for development and sale:				
GGLDC	\$ 3,737,674	\$ 50,961	\$ -	\$ 3,788,635
GAB, LLC	<u>3,121,511</u>	<u>-</u>	<u>-</u>	<u>3,121,511</u>
Total land held for development and sale	<u>\$ 6,859,185</u>	<u>\$ 50,961</u>	<u>\$ -</u>	<u>\$ 6,910,146</u>

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. 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, 2015, rent received in advance totaled \$35,756.

In 2015, the GGLDC received grants of \$35,000 from Frontier ABS, LLC, \$15,000 from the Town of LeRoy and \$15,000 from American Express in support of the GGLDC's participation in an America's Best Communities competition. As of December 31, 2015, \$55,067 of these funds were expended. The balance of \$9,933 will be recognized as qualifying expenditures are made.

In May 2015, the GGLDC received a GO! Program grant of \$13,324 from ECMC Foundation in support of Workforce Development initiatives. As of December 31, 2015, \$4,590 of these funds were expended. The balance of \$8,734 will be recognized as qualifying expenditures are made.

Interest received in advance related to loans receivable totaled \$239 at December, 31, 2015.

NOTE 8. LINE OF CREDIT

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

At December 31, 2015, there was a balance of \$188,344 drawn against the line of credit.

NOTE 9. 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 10). 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, 2015, there was a balance of \$2,696,312.

In 2008, the GAB, LLC obtained a loan in the amount of \$400,000 related to land acquisition at the Genesee Valley Agri-Business Park. The loan has a 0% interest rate. Imputed interest is amortized over the life of the loan. At December 31, 2015, there was a balance of \$50,000 outstanding on this loan.

In 2013, the GAB, LLC obtained a loan in the amount of \$700,000 related to land acquisition at the Genesee Valley Agri-Business Park. The loan has a 4% interest rate. At December 31, 2015 there was a balance of \$129,761 outstanding on this loan.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. LOANS PAYABLE (Continued)

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

	<u>GGLDC</u>		<u>GAB,LLC</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 65,434	\$ 106,662	\$ 179,761	\$ 5,205	\$ 245,195	\$ 111,867
2017	68,083	103,997			68,083	103,997
2018	70,857	101,223			70,857	101,223
2019	73,744	98,336			73,744	98,336
2020	76,749	98,331			76,749	98,331
2021-2025	433,272	427,128			433,272	427,128
2026-2030	529,024	331,376			529,024	331,376
2036-2040	645,937	214,463			645,937	214,463
2040	<u>733,212</u>	<u>71,980</u>			<u>733,212</u>	<u>71,980</u>
Total	<u>\$ 2,696,312</u>	<u>\$ 1,553,496</u>	<u>\$ 179,761</u>	<u>\$ 5,205</u>	<u>\$ 2,876,073</u>	<u>\$ 1,558,701</u>

NOTE 10. BONDS PAYABLE

In June 2009 the GGLDC closed on a \$1,489,000 bond to support improvement to the Genesee Valley Agri-Business Park. The bond had an original fixed interest rate equal to 6.86%. Principal and interest payments of \$205,780 are payable on February 15 each year. Payments commenced on February 15, 2010. In May 2010, the GGLDC refinanced this bond to a fixed interest rate equal to 5.26%. Due to the change in interest rate, principal available increased to \$1,462,000. All other terms remain the same.

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</u>
Genesee Valley Agri-Business Park	05/10	\$1,462,000	5.26%	02/19	\$ 723,106
MedTech Centre – Taxable	09/10	\$1,078,095	6.64%	09/35	968,275
MedTech Centre – Tax Exempt	09/10	\$2,821,905	4.44%	09/35	<u>2,451,557</u>
					<u>\$4,142,938</u>

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 264,243	\$ 196,325
2017	286,233	197,499
2018	301,182	182,550
2019	314,707	166,809
2020	127,278	150,674
2021-2025	144,972	644,786
2026-3030	961,962	427,797
2031-2035	<u>1,142,361</u>	<u>145,256</u>
Totals	\$ <u>4,142,938</u>	\$ <u>2,111,696</u>

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. 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 space. The annual rent is \$17,294 to be paid in equal monthly installments. At December 31, 2014, the GGLDC held a \$2,832 security deposit from the GCEDC as required by the lease agreement.

The GGLDC granted \$300,000 to the GCEDC in 2015 to support the continuing economic development program.

At December 31, 2015, a loan payable to the GCEDC had a balance of \$121,913 and \$1,727 of accrued interest.

In August 2014, the GGLDC approved a loan of up to \$230,000 to the GCEDC to be used for WNY STAMP land acquisition in the Town of Alabama. The loan matures in August 2017 and has a 3.06% interest rate. At December 31, 2015, the balance of the loan was \$55,790.

In November 2014, the GGLDC approved a loan of up to \$200,000 to the GCEDC to be used for engineering and studies related to WNY STAMP. The term of the loan is two years at a 3.06% interest rate. At December 31, 2015, the balance of the loan was \$125,000.

At December 31, 2015 loans receivable from the GCEDC had a balance of \$180,790.

The GGLDC is a guarantor on three loans totaling \$3,825,001 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 will 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.

NOTE 12. DARIEN LAKE PROJECT

In consideration of the 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 2015. Payments of \$93,000 will be received annually from 2016 through 2027.

NOTE 13. EQUITY INVESTMENT

The GGLDC owns 100% interest in the GAB, LLC. The GGLDC's equity investment in the GAB, LLC as of December 31, 2015 is as follows:

Balance at the beginning of year	\$ 2,920,240
Net contributions	<u>300,000</u>
Total equity investment at end of year	<u>\$ 3,220,240</u>

SECTION B
INTERNAL CONTROL AND COMPLIANCE

4 Associate Drive
Oneonta, New York 13820
Phone: (607) 432-8700
Fax: (607) 432-5122
www.mmscpas.com



MOSTERT, MANZANERO & SCOTT, LLP
Certified Public Accountants

Deborah L. Mostert, CPA
Anthony T. Manzanero, CPA
Dennis J. Scott, CPA

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, 2015, 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 24, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the entity's internal control over financial reporting (internal control) to determine the 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 the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 the entity'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 determination of consolidated financial statement amounts. 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 the entity'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.

A handwritten signature in black ink that reads "Mistert, Manzanero & Scott, LLP". The signature is written in a cursive style and is positioned to the right of the date and location information.

Oneonta, New York
March 24, 2016

SECTION C
SUPPLEMENTARY INFORMATION

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION
 CONSOLIDATING STATEMENT OF NET POSITION
 December 31, 2015

	Genesee Gateway Local Development Corporation	Genesee Agri- Business LLC	Eliminations	Total
ASSETS:				
Current assets:				
Cash & cash equivalents	\$ 1,805,757	\$ 129,352	\$ -	\$ 1,935,109
Deposits	560	-	-	560
Accounts receivable	12,107	-	-	12,107
Grants receivable	532,870	-	-	532,870
Unearned interest	-	1,554	-	1,554
Prepaid expenses	1,398	-	-	1,398
Loans & mortgages receivable - current portion	261,544	-	-	261,544
Notes receivable- current portion	-	110,943	-	110,943
Loans receivable- related party	180,790	-	-	180,790
Total current assets	<u>2,795,026</u>	<u>241,849</u>	<u>-</u>	<u>3,036,875</u>
Noncurrent assets:				
Notes receivable- noncurrent portion	-	231,066	-	231,066
Loans & mortgages receivable- noncurrent portion (net of \$49,438 allowance for bad debts)	642,275	-	-	642,275
Land held for development & sale	3,788,635	3,121,511	-	6,910,146
Capital assets, net	6,173,684	-	-	6,173,684
Equity investment in GAB, LLC	3,220,240	-	(3,220,240)	-
Total noncurrent assets	<u>13,824,834</u>	<u>3,352,577</u>	<u>(3,220,240)</u>	<u>13,957,171</u>
Total assets	<u>16,619,860</u>	<u>3,594,426</u>	<u>(3,220,240)</u>	<u>16,994,046</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	37,979	-	-	37,979
Line of credit	188,344	-	-	188,344
Accrued expenses	4,165	-	-	4,165
Security deposits payable	108,680	-	-	108,680
Unearned revenue	54,662	-	-	54,662
Bond payable - current portion	264,243	-	-	264,243
Loans payable - related party	121,913	-	-	121,913
Loans payable - current portion	65,434	179,761	-	245,195
Total current liabilities	<u>845,420</u>	<u>179,761</u>	<u>-</u>	<u>1,025,181</u>
Noncurrent liabilities:				
Bond payable - noncurrent portion	3,878,695	-	-	3,878,695
Loans payable - noncurrent portion	2,630,878	-	-	2,630,878
Total noncurrent liabilities	<u>6,509,573</u>	<u>-</u>	<u>-</u>	<u>6,509,573</u>
Total liabilities	<u>7,354,993</u>	<u>179,761</u>	<u>-</u>	<u>7,534,754</u>
NET POSITION:				
Net investment in capital assets	57,538	-	-	57,538
Restricted	505,804	-	-	505,804
Unrestricted	8,701,525	3,414,665	(3,220,240)	8,895,950
Total net position	<u>\$ 9,264,867</u>	<u>\$ 3,414,665</u>	<u>\$ (3,220,240)</u>	<u>\$ 9,459,292</u>

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

**SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended December 31, 2015**

	Genesee Gateway Local Development Corporation	Genesee Agri- Business LLC	Eliminations	Total
OPERATING REVENUES:				
Fees	\$ 2,750	\$ 5,500	\$ -	\$ 8,250
Grant income	1,209,235	-	-	1,209,235
Interest income on loans	40,197	-	-	40,197
Miscellaneous income	8,340	5,000	-	13,340
Rent	668,239	-	-	668,239
Total operating revenues	<u>1,928,761</u>	<u>10,500</u>	<u>-</u>	<u>1,939,261</u>
OPERATING EXPENSES:				
Conferences & meetings	4,540	-	-	4,540
Depreciation	194,716	-	-	194,716
Fees & permits	448	25	-	473
Finance charge expense	7,638	-	-	7,638
Furniture & equipment	3,965	-	-	3,965
Grant expense	300,000	-	-	300,000
Insurance	26,739	-	-	26,739
Marketing program	37,931	-	-	37,931
Miscellaneous expense	922	-	-	922
Professional fees	256,931	-	-	256,931
Site development	442,462	-	-	442,462
Site maintenance	46,388	-	-	46,388
Special district fees	10,883	12,404	-	23,287
Supplies	806	-	-	806
Telephone	1,213	-	-	1,213
Utilities	20,239	-	-	20,239
Total operating expenses	<u>1,355,821</u>	<u>12,429</u>	<u>-</u>	<u>1,368,250</u>
Net operating income (loss)	<u>572,940</u>	<u>(1,929)</u>	<u>-</u>	<u>571,011</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest expense	(337,763)	(19,581)	-	(357,344)
Other interest income	690	12,327	-	13,017
Total non-operating expenses	<u>(337,073)</u>	<u>(7,254)</u>	<u>-</u>	<u>(344,327)</u>
Change in net position	235,867	(9,183)	-	226,684
Contributed capital adjustment	-	300,000	(300,000)	-
Net position - beginning	<u>9,029,000</u>	<u>3,123,848</u>	<u>(2,920,240)</u>	<u>9,232,608</u>
Net position - ending	<u>\$ 9,264,867</u>	<u>\$ 3,414,665</u>	<u>\$ (3,220,240)</u>	<u>\$ 9,459,292</u>

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF NET POSITION
 December 31, 2015

	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 & cash equivalents	\$ 351,280	\$ -	\$ 310,683	\$ 181,821	\$ -	\$ -	\$ 418,392	\$ 133,604	\$ 409,977	\$ 1,805,757
Deposits	-	-	-	-	-	-	560	-	-	560
Accounts receivable	10,735	-	-	-	-	1,350	22	-	-	12,107
Grants receivable	16,582	-	6,088	319,607	-	190,593	-	-	-	532,870
Prepaid expenses	1,398	-	-	-	-	-	-	-	-	1,398
Due to/from other funds	-	-	-	49,419	-	(51,362)	1,943	-	-	-
Loans & mortgages receivable - current portion	179,935	-	-	-	-	-	-	72,477	9,132	261,544
Loans receivable- related party	180,790	-	-	-	-	-	-	-	-	180,790
Total current assets	<u>740,720</u>	<u>-</u>	<u>316,771</u>	<u>550,847</u>	<u>-</u>	<u>140,581</u>	<u>420,917</u>	<u>206,081</u>	<u>419,109</u>	<u>2,795,026</u>
Noncurrent assets:										
Loans & mortgages receivable - noncurrent portion (net of \$49,438 allowance for bad debts)	263,308	-	-	-	-	-	-	292,976	85,991	642,275
Land held for development & sale	-	1,512,696	1,579,942	-	214,166	161,281	320,550	-	-	3,788,635
Furniture & equipment	-	-	-	-	-	-	41,550	-	-	41,550
Buildings & improvements	-	-	-	-	-	-	7,123,126	-	-	7,123,126
Less: accumulated depreciation	-	-	-	-	-	-	(990,992)	-	-	(990,992)
Equity investment in GAB, LLC	-	-	-	3,220,240	-	-	-	-	-	3,220,240
Total noncurrent assets	<u>263,308</u>	<u>1,512,696</u>	<u>1,579,942</u>	<u>3,220,240</u>	<u>214,166</u>	<u>161,281</u>	<u>6,494,234</u>	<u>292,976</u>	<u>85,991</u>	<u>13,824,834</u>
Total assets	<u>1,004,028</u>	<u>1,512,696</u>	<u>1,896,713</u>	<u>3,771,087</u>	<u>214,166</u>	<u>301,862</u>	<u>6,915,151</u>	<u>499,057</u>	<u>505,100</u>	<u>16,619,860</u>
LIABILITIES:										
Current liabilities:										
Accounts payable	9,538	350	650	6,910	351	19,389	791	-	-	37,979
Line of credit	-	-	-	-	-	188,344	-	-	-	188,344
Accrued expenses	-	-	4,165	-	-	-	-	-	-	4,165
Security deposits payable	-	-	-	-	-	-	108,680	-	-	108,680
Unearned revenue	18,667	-	-	-	-	-	35,756	-	239	54,662
Bond payable - current portion	-	-	-	167,634	-	-	96,609	-	-	264,243
Loans payable - related party	-	-	121,913	-	-	-	-	-	-	121,913
Loans payable - current portion	-	-	-	-	-	-	65,434	-	-	65,434
Total current liabilities	<u>28,205</u>	<u>350</u>	<u>126,728</u>	<u>174,544</u>	<u>351</u>	<u>207,733</u>	<u>307,270</u>	<u>-</u>	<u>239</u>	<u>845,420</u>
Noncurrent Liabilities										
Bond payable - noncurrent portion	-	-	-	555,472	-	-	3,323,223	-	-	3,878,695
Loans payable - noncurrent portion	-	-	-	-	-	-	2,630,878	-	-	2,630,878
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>555,472</u>	<u>-</u>	<u>-</u>	<u>5,954,101</u>	<u>-</u>	<u>-</u>	<u>6,509,573</u>
Total Liabilities	<u>28,205</u>	<u>350</u>	<u>126,728</u>	<u>730,016</u>	<u>351</u>	<u>207,733</u>	<u>6,261,371</u>	<u>-</u>	<u>239</u>	<u>7,354,993</u>
NET POSITION:										
Net investment in capital assets	-	-	-	-	-	-	57,538	-	-	57,538
Restricted	-	-	296,763	-	-	-	209,041	-	-	505,804
Unrestricted	975,823	1,512,346	1,473,222	3,041,071	213,815	94,129	387,201	499,057	504,861	8,701,525
Total net position	<u>\$ 975,823</u>	<u>\$ 1,512,346</u>	<u>\$ 1,769,985</u>	<u>\$ 3,041,071</u>	<u>\$ 213,815</u>	<u>\$ 94,129</u>	<u>\$ 653,780</u>	<u>\$ 499,057</u>	<u>\$ 504,861</u>	<u>\$ 9,264,867</u>

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 Year Ended December 31, 2015

	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 Loan Fund	Total
OPERATING REVENUES:										
Fees	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ 2,750
Grant income	66,960	-	134,324	766,308	-	116,643	-	125,000	-	1,209,235
Interest income on loans	28,807	-	-	-	-	-	-	8,410	2,980	40,197
Miscellaneous income	8,340	-	-	-	-	-	-	-	-	8,340
Rent	-	-	-	3,770	-	-	664,469	-	-	668,239
Total operating revenues	<u>104,357</u>	<u>-</u>	<u>134,324</u>	<u>770,078</u>	<u>-</u>	<u>116,643</u>	<u>664,469</u>	<u>135,910</u>	<u>2,980</u>	<u>1,928,761</u>
OPERATING EXPENSES:										
Conferences & meetings	40	-	-	-	-	4,500	-	-	-	4,540
Depreciation	-	-	-	-	-	-	194,716	-	-	194,716
Fees & permits	40	-	408	-	-	-	-	-	-	448
Finance charge expense	-	-	-	-	-	7,638	-	-	-	7,638
Furniture & equipment	-	-	-	-	-	-	3,965	-	-	3,965
Grant expense	300,000	-	-	-	-	-	-	-	-	300,000
Insurance	8,375	833	784	1,750	-	705	14,292	-	-	26,739
Marketing program	1,219	-	-	-	-	36,712	-	-	-	37,931
Miscellaneous expense	435	-	487	-	-	-	-	-	-	922
Professional fees	128,556	-	849	7,496	-	45,030	75,000	-	-	256,931
Site development	-	-	29,568	412,894	-	-	-	-	-	442,462
Site maintenance	-	3,409	4,750	3,671	1,921	-	32,637	-	-	46,388
Special district fees	-	609	1,693	13	290	53	8,225	-	-	10,883
Supplies	-	-	-	-	-	-	806	-	-	806
Telecommunications	-	-	-	-	-	-	1,213	-	-	1,213
Utilities	-	-	-	-	-	-	20,239	-	-	20,239
Total operating expenses	<u>438,665</u>	<u>4,851</u>	<u>38,539</u>	<u>425,824</u>	<u>2,211</u>	<u>94,638</u>	<u>351,093</u>	<u>-</u>	<u>-</u>	<u>1,355,821</u>
Operating income (loss)	<u>(334,308)</u>	<u>(4,851)</u>	<u>95,785</u>	<u>344,254</u>	<u>(2,211)</u>	<u>22,005</u>	<u>313,376</u>	<u>135,910</u>	<u>2,980</u>	<u>572,940</u>
NON-OPERATING REVENUES (EXPENSES):										
Interfund revenue	176,064	4,606	5,783	302,551	3,013	757	-	-	-	492,774
Interfund expenditure	(126,871)	-	(123,277)	(238,667)	-	(2,807)	(1,152)	-	-	(492,774)
Interest expense	-	-	(2,438)	(46,769)	-	-	(288,556)	-	-	(337,763)
Other interest income	159	-	121	72	-	-	112	49	177	690
Total non-operating revenues (expenses)	<u>49,352</u>	<u>4,606</u>	<u>(119,811)</u>	<u>17,187</u>	<u>3,013</u>	<u>(2,050)</u>	<u>(289,596)</u>	<u>49</u>	<u>177</u>	<u>(337,073)</u>
Change in net position	(284,956)	(245)	(24,026)	361,441	802	19,955	23,780	135,959	3,157	235,867
Net position - beginning	1,260,779	1,512,591	1,794,011	2,679,630	213,013	74,174	630,000	363,098	501,704	9,029,000
Net position - ending	<u>\$ 975,823</u>	<u>\$ 1,512,346</u>	<u>\$ 1,769,985</u>	<u>\$ 3,041,071</u>	<u>\$ 213,815</u>	<u>\$ 94,129</u>	<u>\$ 653,780</u>	<u>\$ 499,057</u>	<u>\$ 504,861</u>	<u>\$ 9,264,867</u>