

GENESEE GATEWAY LOCAL  
DEVELOPMENT CORPORATION

AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS

Year ended December 31, 2017

# GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

## CONTENTS

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### SECTION A FINANCIAL SECTION

	<u>Page</u>
<b>Independent Auditors' Report</b>	1 – 2
<b>Management's Discussion and Analysis</b>	3 – 7
<b>Financial Statements</b>	
Consolidated Statement of Net Position .....	A1
Consolidated Statement of Revenues, Expenses and Changes in Net Position .....	A2
Consolidated Statement of Cash Flows .....	A3 – A4
Notes to Consolidated Financial Statements .....	A5 – A13

### SECTION B INTERNAL CONTROL AND COMPLIANCE

<b>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 <i>Government Auditing Standards</i> .....</b>	<b>B1 – B2</b>
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### SECTION C SUPPLEMENTARY INFORMATION

Consolidating Statement of Net Position .....	C1
Consolidating Statement of Revenues, Expenses and Changes in Net Position .....	C2
Combining Statement of Net Position .....	C3
Combining Statement of Revenues, Expenses and Changes in Net Position .....	C4

**SECTION A  
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## 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, 2017, 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 opinions.

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective consolidated financial position of the Genesee Gateway Local Development Corporation as of December 31, 2017, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 4 – 8 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.

### *Other 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. The supplementary information in Section C is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information in Section C 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information in Section C is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2018 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.



Oneonta, New York  
March 29, 2018

**Genesee Gateway Local Development Corporation**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2017**

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, 2017 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., a food-processing support company, Marktec 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). 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

	<b>2017</b>	<b>2016</b>	<b>Higher/ (Lower) Prior Year</b>	<b>% Increase (Decrease)</b>
Cash & Cash Equivalents	\$ 2,133,334	\$ 2,198,925	\$ (65,591)	(3%)
Total Current Assets	\$ 2,565,111	\$ 2,801,680	\$ (236,569)	(8%)
Land Held for Development & Sale	\$ 6,981,791	\$ 6,979,291	\$ 2,500	0%
Capital Assets, Net	\$ 5,806,851	\$ 5,984,088	\$ (177,237)	(3%)
Total Current Liabilities	\$ 541,895	\$ 567,877	\$ (25,982)	(5%)
Total Noncurrent Liabilities	\$ 5,783,780	\$ 6,157,106	\$ (373,326)	(6%)
Total Net Position	\$ 10,039,922	\$ 10,081,796	\$ (41,874)	0%
Operating Revenues	\$ 1,060,166	\$ 1,856,434	\$ (796,268)	(43%)
Operating Expenses	\$ 807,700	\$ 921,074	\$ (113,374)	(12%)
Net Operating Income	\$ 252,466	\$ 935,360	\$ (682,894)	(73%)

Total current assets decreased by \$236,569 (-8%):

- The current portion of loans receivable decreased due to renegotiated terms of the First Wave Technologies loan.
- Grants receivable decreased with the receipt of Community Development Block Grant (CDBG) funds supporting the US Gypsum project.

Net Capital Assets decreased by \$177,237 (-3%) due to depreciation expense for the year.

The following table summarizes GGLDC's results of operations for the fiscal years ended December 31, 2017 and 2016 and changes between the years:

	<b>2017</b>	<b>2016</b>	<b>% Increase / (Decrease)</b>
<b>OPERATING REVENUES</b>			
Grant Income	\$ 312,668	\$ 1,137,481	(73%)
Fees	\$ 10,500	\$ 6,250	68%
Interest Income on Loans	\$ 34,255	\$ 37,938	(10%)
Miscellaneous Income	\$ 31,543	\$ 1,865	1,591%
Rent	\$ 671,200	\$ 672,900	0%
Total Operating Revenues	<u>\$ 1,060,166</u>	<u>\$ 1,856,434</u>	(43%)
<b>OPERATING EXPENSES</b>			
General & Administrative	\$ 1,334	\$ 7,654	(83%)
Property Related Expenses	\$ 291,012	\$ 293,584	(1%)
Grant Expense	\$ 300,000	\$ 345,000	(13%)
Utilities	\$ 15,839	\$ 16,594	(5%)
Professional Fees	\$ 199,515	\$ 158,242	26%
Bad Debt Expense	\$ 0	\$ 100,000	N/A
Total Operating Expenses	<u>\$ 807,700</u>	<u>\$ 921,074</u>	(12%)
Net Operating Revenue	\$ 252,466	\$ 935,360	(73%)
<b>NON-OPERATING REVENUES/(EXPENSES)</b>			
Other Interest Income	\$ 7,779	\$ 10,477	(26%)
Interest Expense	\$ (302,119)	\$ (323,333)	(7%)
Total Non-Operating Expense	<u>\$ (294,340)</u>	<u>\$ (312,856)</u>	(6%)
Change in Net Position	\$ (41,874)	\$ 622,504	(107%)

Decrease in revenue from grants \$824,813 (-73%):

- 2016 Grant Revenue included a \$734,000 CDBG grant that supported two loans to PW Minor.
- See Grant Revenue section for details of grant revenue recorded in 2017.

Increase in miscellaneous income \$29,678 (1,591%):

- Proceeds from First Wave Technologies warrant conversion and sale of stock.
- Reimbursement of grant consulting services expenses related to two CDBG grant projects.

Decrease in operating expenses of \$113,374 (-12%):

- 2016 included \$100,000 bad debt expense.

## Grant Revenue

Grant revenue in support of corporate park and other development initiatives totaled \$312,668 in 2017. The various funding sources for the major grant revenue recognized during the year are described below:

- \$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).
- \$205,780 PILOT Increment Financing, flowing through the GCEDC to support development of the GVAB.

## 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 the construction equipment industries needing quick access to the NYS Thruway. This shovel-ready park is home to Ashley Furniture's distribution center and is nearby 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 2017 resulting in site visits from potential customers.

**Buffalo East Fund** - Buffalo East Tech Park (BETP) is a 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. The park is fully shovel-ready, and marketing promotional efforts continued in 2017. During 2017 the planning of an expansion of the existing Corfu wastewater treatment facility to enable more capacity for manufacturing facilities was started, with construction to begin in 2018.

**Ag Park Fund** - The Genesee Valley Agri-Business Park is a 250-acre agri-business park and food processing park focused on attracting food processing and related companies to the site. The park is currently home to Alpina Foods, Inc., HP Hood and Marktec Industries. This park is fully shovel-ready. The park has seen numerous site visits in the past year for companies who are looking to construct new production and manufacturing facilities. In 2018, the GGLDC plans on utilizing an existing rail grant to attract a new tenant to the Genesee Valley Agri-Business Park.

**MedTech Park Fund** - MedTech Park, 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 2017.

**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 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 1,300 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 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.

In 2017, marketing the space available at the Centre as a lifecycle solution for young entrepreneurial firms as they grow and develop in our community continued, along with marketing of the Innovation Zone to entrepreneurs.

**Economic Development Loan Fund** – This 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 Fund** - This is a low interest 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 2017 and 2016:

#### Changes in Capital Assets between Fiscal Years 2017 and 2016

##### Financial Highlights

	2017	2016	Increase / (Decrease)
Furniture & Equipment	\$ 47,658	\$ 43,700	\$ 3,958
Building and Improvements	\$ 7,140,976	\$ 7,126,776	\$ 14,200
Less Accumulated Depreciation	\$ 1,381,783	\$ 1,186,388	\$ 195,395
Net Capital Assets	\$ 5,806,851	\$ 5,984,088	\$ (177,237)
Land Held for Development & Sale	\$ 6,981,791	\$ 6,979,291	\$ 2,500

### 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, 2017**

**ASSETS:**

**Current assets:**

Cash and cash equivalents	\$	2,133,334
Accounts receivable		15,838
Grants receivable		9,194
Prepaid expenses		868
Notes receivable - current portion		117,091
Loans receivable - current portion		288,786
Total current assets		<u>2,565,111</u>

**Noncurrent assets:**

Loans receivable - noncurrent portion (net of \$149,438 allowance for bad debts)		1,011,844
Land held for development & sale		6,981,791
Capital assets, net		5,806,851
Total noncurrent assets		<u>13,800,486</u>

Total assets 16,365,597

**LIABILITIES:**

**Current liabilities:**

Accounts payable		61,184
Security deposits payable		108,680
Unearned revenue		9,897
Bond payable - current portion		291,277
Loans payable - current portion		70,857
Total current liabilities		<u>541,895</u>

**Noncurrent liabilities:**

Bond payable - noncurrent portion		3,291,826
Loans payable - noncurrent portion		2,491,954
Total noncurrent liabilities		<u>5,783,780</u>

Total liabilities 6,325,675

**NET POSITION:**

Net investment in capital assets		40,657
Restricted		710,765
Unrestricted		9,288,500
Total net position	\$	<u>10,039,922</u>

See accompanying notes.

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

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

**Year Ended December 31, 2017**

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**OPERATING REVENUES:**

Fees	\$	10,500
Grant income		312,668
Interest income on loans		34,255
Miscellaneous income		31,543
Rent		671,200
Total operating revenues		<u>1,060,166</u>

**OPERATING EXPENSES:**

Depreciation		195,395
Fees & permits		81
Grant expense		300,000
Insurance		23,995
Miscellaneous expense		206
Professional fees		199,515
Site maintenance		49,365
Special district fees		21,003
Supplies		1,047
Telecommunications		1,254
Utilities		15,839
Total operating expenses		<u>807,700</u>

Net operating income 252,466

**NON-OPERATING REVENUES (EXPENSES):**

Interest expense		(302,119)
Other interest income		7,779
Total non-operating expenses		<u>(294,340)</u>

Change in net position (41,874)

Net position - beginning 10,081,796

Net position - ending \$ 10,039,922

See accompanying notes.

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2017**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Fees	\$	10,500
Grant income		364,075
Payment received on note		113,976
Interest income on loans		34,711
Miscellaneous income		16,543
Rental income		638,012
Issuance/repayments of loans (net)		47,772
Grant expense		(345,000)
Insurance		(23,958)
Miscellaneous expense		(227)
Professional fees		(160,427)
Fees & permits		(81)
Site maintenance		(47,846)
Special district fees		(21,003)
Supplies		(1,047)
Telecommunications		(1,358)
Utilities		(17,891)
Purchase/improvements of land held for development & sale		(2,500)
Net cash provided by operating activities		<u>604,251</u>

**CASH FLOWS USED BY CAPITAL & RELATED FINANCING ACTIVITIES:**

Principal payments on bonds & loans		(353,694)
Interest paid on bonds & loans		(302,119)
Purchase/improvements of capital assets		(21,808)
Net cash used by capital & related financing activities		<u>(677,621)</u>

**CASH FROM INVESTING ACTIVITIES:**

Interest income		7,779
Net cash from investing activities		<u>7,779</u>

**Net decrease in cash and cash equivalents** (65,591)

Cash and cash equivalents - beginning of year 2,198,925

Cash and cash equivalents - end of year \$ 2,133,334

See accompanying notes.

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**

**Year Ended December 31, 2017**

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

Net operating income	\$	252,466
Adjustments to reconcile net operating revenue to net cash provided by operating activities:		
Depreciation expense		195,395
Increase in accounts receivable		(15,838)
Decrease in grants receivable		54,907
Decrease in prepaid expenses		37
Decrease in note receivable		113,976
Decrease in loans & mortgages receivable		47,772
Increase in land held for development & sale		(2,500)
Decrease in operating accounts payable		(6,450)
Decrease in unearned revenue		(35,514)
Total adjustments		<u>351,785</u>
Net cash provided by operating activities	\$	<u><u>604,251</u></u>

See accompanying notes.

# GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 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.

#### A. 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 Statement 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 Statement No. 39, including legal standing, fiscal dependency, and financial accountability.

Management has evaluated the provisions of GASB Statement No. 14 - *The Financial Reporting Entity* and GASB Statement 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).

#### 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 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.

## GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 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.

#### 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. EQUITY INVESTMENT IN GENESEE AGRIBUSINESS, 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.

# GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### I. 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.

### J. 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

### K. 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.

### L. ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2017, the GCEDC adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*; Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*; and Statement No. 81, *Split-Interest Agreements*.

The primary objective of Statement No. 73 is to improve the usefulness of information about pensions included in the financial statements that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions.

The primary objective of Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

The primary objective of Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

The primary objective of Statement No. 81 is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

## GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The GCEDC has evaluated Statements No. 73, 74, 80 and 81 and have determined that they have no impact on the GCEDC's operations.

The GASB has issued the following new pronouncements:

- Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*, which will be effective for the year ending December 31, 2018;
- Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, 68 and 73*, which will be effective for the year ending December 31, 2018;
- Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ending December 31, 2019;
- Statement No. 86, *Certain Debt Extinguishment Issues*, which will be effective for the year ending December 31, 2019; and
- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2021.

The GGLDC is currently reviewing these statements and plans on adoption, as required.

#### M. 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.

#### N. SUBSEQUENT EVENTS

These financial statements have not been updated for subsequent events occurring after March 29, 2018 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 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

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#### 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, 2017, cash balances of \$161,189 were not collateralized or 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, 2017:

		<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 February 2021. \$	75,425	\$ 192,415
Alpina Foods, Inc.	Monthly payments for 5 years at 0% interest, maturing July 2018.	27,300	-
Yancey's Fancy, Inc. #3	Monthly payments for 7 years at 3% interest, maturing February 2020.	22,598	27,234
Yancey's Fancy, Inc. #4	Monthly payments for 7 years at 3% interest, maturing January 2021.	29,314	63,967
13 Jackson Square, LLC	Payments of interest only for 12 months, thereafter monthly payments for 9 years at 3% interest, maturing July 2024.	9,987	54,450
PW Minor, LLC	Monthly payments for 5 years at 3% interest, maturing November 2020.	25,040	50,142
PW Minor, LLC #2	Payments of interest only for 12 months, thereafter monthly payments For 4 years at 2% interest, maturing April 2021.	90,212	217,640
PW Minor, LLC #3 (Deferred Loan)	No interest shall accrue on the outstanding principal; matures April 2021.	-	367,000

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Liberti, Valvo & Associates, LLC	Monthly payments for 7 years at 3.4% interest, maturing July 2024.	6,528	40,816
Batavia Brewing Company, LLC	Payments of interest only for 12 months, thereafter monthly payments for 9 years at 3.4% interest, maturing October 2027.	<u>2,382</u>	<u>147,618</u>
Total loans receivable		<u>\$ 288,786</u>	<u>\$ 1,161,282</u>

The GGLDC estimated an allowance for bad debts in the Operating Fund of \$149,438, which is considered by management to be sufficient for any losses.

**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%. The balance of \$117,091 will be paid in 2018.

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the GGLDC for the year ended December 31, 2017 was as follows:

	<u>Balance</u> <u>01/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/17</u>
Capital assets being depreciated				
Building and improvements	\$ 7,126,776	\$ 14,200	\$ -	\$ 7,140,976
Furniture and equipment	<u>43,700</u>	<u>3,958</u>	<u>-</u>	<u>47,658</u>
Total capital assets being depreciated	<u>7,170,476</u>	<u>18,158</u>	<u>-</u>	<u>7,188,634</u>
Less accumulated depreciation:				
Building and improvements	1,160,874	188,425	-	1,349,299
Furniture and equipment	<u>25,514</u>	<u>6,970</u>	<u>-</u>	<u>32,484</u>
Total accumulated depreciation	<u>1,186,388</u>	<u>195,395</u>	<u>-</u>	<u>1,381,783</u>
Total capital assets being depreciated, net	<u>\$ 5,984,088</u>	<u>\$ (177,237)</u>	<u>\$ -</u>	<u>\$ 5,806,851</u>

# GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 6. LAND HELD FOR DEVELOPMENT AND SALE

Land held for development and sale activity for the year ended December 31, 2017 was as follows:

	<u>Balance</u> <u>01/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/17</u>
Land held for development and sale:				
GGLDC	\$ 3,857,780	\$ 2,500	\$ -	\$ 3,860,280
GAB, LLC	<u>3,121,511</u>	<u>-</u>	<u>-</u>	<u>3,121,511</u>
Total land held for development and sale	<u>\$ 6,979,291</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 6,981,791</u>

### 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, 2017, rent received in advance totaled \$2,568.

In 2015, the GGLDC received grants of \$35,000 from Frontier ABC, 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, 2017, \$59,035 of these funds were expended. The balance of \$5,965 will be recognized when qualifying expenditures are made.

Interest received in advance related to loans receivable totaled \$1,364 at December, 31, 2017.

### NOTE 8. 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 new 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 Genesee County Economic Development Center, a related entity.

At December 31, 2017, there was a zero balance 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, 2017, there was a balance of \$2,562,811.

**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>GGLDC</u>	
	<b>Principal</b>	<b>Interest</b>
2018	\$ 70,857	\$ 101,223
2019	73,744	98,336
2020	76,749	98,331
2021	79,875	92,205
2022	83,130	88,950
2023-2027	469,296	391,104
2028-2032	573,008	287,392
2033-2037	699,642	160,758
2038-2040	<u>436,510</u>	<u>24,538</u>
Total	<u>\$2,562,811</u>	<u>\$1,342,837</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	\$ 379,719
MedTech Centre – Taxable	09/10	\$1,078,095	6.64%	09/35	917,836
MedTech Centre – Tax Exempt	09/10	\$2,821,905	4.44%	09/35	<u>2,285,548</u>
					<u>\$3,583,103</u>

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 291,277	\$ 169,293
2019	316,212	167,009
2020	127,296	150,656
2021	134,336	143,616
2022	141,321	136,630
2023-2027	824,958	564,802
2028-3032	1,066,099	323,660
2033-2035	<u>681,604</u>	<u>49,094</u>
Totals	<u>\$ 3,583,103</u>	<u>\$ 1,704,760</u>

## GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 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 \$17,597 to be paid in equal monthly installments. At December 31, 2017, 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 2017 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 \$2,562,811 at December 31, 2017.

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, 2017, 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 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 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 2017. Payments of \$93,000 will be received annually from 2018 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, 2017 is as follows:

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

**SECTION B**  
**INTERNAL CONTROL AND COMPLIANCE**

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*Certified Public Accountants*

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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, 2017, 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 29, 2018.

**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 on a light blue rectangular background.

Oneonta, New York  
March 29, 2018

**SECTION C**  
**SUPPLEMENTARY INFORMATION**

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION  
 CONSOLIDATING STATEMENT OF NET POSITION  
 December 31, 2017

	Genesee Gateway Local Development Corporation	Genesee Agri- Business LLC	Eliminations	Total
<b>ASSETS:</b>				
<b>Current assets:</b>				
Cash & cash equivalents	\$ 1,976,829	\$ 156,505	\$ -	\$ 2,133,334
Accounts receivable	15,838	-	-	15,838
Grants receivable	9,194	-	-	9,194
Prepaid expenses	868	-	-	868
Notes receivable - current portion	-	117,091	-	117,091
Loans receivable - current portion	288,786	-	-	288,786
Total current assets	<u>2,291,515</u>	<u>273,596</u>	<u>-</u>	<u>2,565,111</u>
<b>Noncurrent assets:</b>				
Loans receivable- noncurrent portion (net of \$149,438 allowance for bad debts)	1,011,844	-	-	1,011,844
Land held for development & sale	3,860,280	3,121,511	-	6,981,791
Capital assets, net	5,806,851	-	-	5,806,851
Equity investment in GAB, LLC	3,220,240	-	(3,220,240)	-
Total noncurrent assets	<u>13,899,215</u>	<u>3,121,511</u>	<u>(3,220,240)</u>	<u>13,800,486</u>
Total assets	<u>16,190,730</u>	<u>3,395,107</u>	<u>(3,220,240)</u>	<u>16,365,597</u>
<b>LIABILITIES:</b>				
<b>Current liabilities:</b>				
Accounts payable	61,184	-	-	61,184
Security deposits payable	108,680	-	-	108,680
Unearned revenue	9,897	-	-	9,897
Bond payable - current portion	291,277	-	-	291,277
Loans payable - current portion	70,857	-	-	70,857
Total current liabilities	<u>541,895</u>	<u>-</u>	<u>-</u>	<u>541,895</u>
<b>Noncurrent liabilities:</b>				
Bond payable - noncurrent portion	3,291,826	-	-	3,291,826
Loans payable - noncurrent portion	2,491,954	-	-	2,491,954
Total noncurrent liabilities	<u>5,783,780</u>	<u>-</u>	<u>-</u>	<u>5,783,780</u>
Total liabilities	<u>6,325,675</u>	<u>-</u>	<u>-</u>	<u>6,325,675</u>
<b>NET POSITION:</b>				
Net investment in capital assets	40,657	-	-	40,657
Restricted	710,765	-	-	710,765
Unrestricted	9,113,633	3,395,107	(3,220,240)	9,288,500
Total net position	<u>\$ 9,865,055</u>	<u>\$ 3,395,107</u>	<u>\$ (3,220,240)</u>	<u>\$ 10,039,922</u>

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**SUPPLEMENTARY INFORMATION  
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
Year Ended December 31, 2017**

	<u>Genesee Gateway Local Development Corporation</u>	<u>Genesee Agri- Business LLC</u>	<u>Eliminations</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>				
Fees	\$ 5,000	\$ 5,500	\$ -	\$ 10,500
Grant income	312,668	-	-	312,668
Interest income on loans	34,255	-	-	34,255
Miscellaneous income	31,543	-	-	31,543
Rent	671,200	-	-	671,200
Total operating revenues	<u>1,054,666</u>	<u>5,500</u>	<u>-</u>	<u>1,060,166</u>
<b>OPERATING EXPENSES:</b>				
Depreciation	195,395	-	-	195,395
Fees & permits	-	81	-	81
Grant expense	300,000	-	-	300,000
Insurance	23,995	-	-	23,995
Miscellaneous expense	206	-	-	206
Professional fees	186,427	13,088	-	199,515
Site maintenance	49,365	-	-	49,365
Special district fees	9,673	11,330	-	21,003
Supplies	1,047	-	-	1,047
Telecommunications	1,254	-	-	1,254
Utilities	15,839	-	-	15,839
Total operating expenses	<u>783,201</u>	<u>24,499</u>	<u>-</u>	<u>807,700</u>
Net operating income (loss)	<u>271,465</u>	<u>(18,999)</u>	<u>-</u>	<u>252,466</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest expense	(302,119)	-	-	(302,119)
Other interest income	1,429	6,350	-	7,779
Total non-operating revenues (expenses)	<u>(300,690)</u>	<u>6,350</u>	<u>-</u>	<u>(294,340)</u>
Change in net position	(29,225)	(12,649)	-	(41,874)
Net position - beginning	<u>9,894,280</u>	<u>3,407,756</u>	<u>(3,220,240)</u>	<u>10,081,796</u>
Net position - ending	<u>\$ 9,865,055</u>	<u>\$ 3,395,107</u>	<u>\$ (3,220,240)</u>	<u>\$ 10,039,922</u>

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION  
COMBINING STATEMENT OF NET POSITION  
December 31, 2017

	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
<b>ASSETS:</b>										
<b>Current assets:</b>										
Cash & cash equivalents	\$ 339,221	\$ -	\$ 479,905	\$ 126,479	\$ 340	\$ -	\$ 483,022	\$ 252,087	\$ 295,775	\$ 1,976,829
Accounts receivable	15,000	-	-	-	-	-	120	-	718	15,838
Grants receivable	9,194	-	-	-	-	-	-	-	-	9,194
Prepaid expenses	868	-	-	-	-	-	-	-	-	868
Due to/from other funds	4,681	(500)	(126,336)	189,553	-	(71,748)	4,350	-	-	-
Loans receivable - current portion	192,937	-	-	-	-	-	-	83,481	12,368	288,786
Total current assets	<u>561,901</u>	<u>(500)</u>	<u>353,569</u>	<u>316,032</u>	<u>340</u>	<u>(71,748)</u>	<u>487,492</u>	<u>335,568</u>	<u>308,861</u>	<u>2,291,515</u>
<b>Noncurrent assets:</b>										
Loans receivable - noncurrent portion (net of \$149,438 allowance for bad debts)	627,617	-	-	-	-	-	-	182,159	202,068	1,011,844
Land held for development & sale	-	1,512,696	1,651,587	-	214,166	161,281	320,550	-	-	3,860,280
Furniture & equipment	-	-	-	-	-	-	47,658	-	-	47,658
Buildings & improvements	-	-	-	-	-	-	7,140,976	-	-	7,140,976
Less: accumulated depreciation	-	-	-	-	-	-	(1,381,783)	-	-	(1,381,783)
Equity investment in GAB, LLC	-	-	-	3,220,240	-	-	-	-	-	3,220,240
Total noncurrent assets	<u>627,617</u>	<u>1,512,696</u>	<u>1,651,587</u>	<u>3,220,240</u>	<u>214,166</u>	<u>161,281</u>	<u>6,127,401</u>	<u>182,159</u>	<u>202,068</u>	<u>13,899,215</u>
Total assets	<u>1,189,518</u>	<u>1,512,196</u>	<u>2,005,156</u>	<u>3,536,272</u>	<u>214,506</u>	<u>89,533</u>	<u>6,614,893</u>	<u>517,727</u>	<u>510,929</u>	<u>16,190,730</u>
<b>LIABILITIES:</b>										
<b>Current liabilities:</b>										
Accounts payable	44,964	9,441	-	2,795	-	-	3,984	-	-	61,184
Security deposits payable	-	-	-	-	-	-	108,680	-	-	108,680
Unearned revenue	7,166	-	-	-	-	-	2,568	-	163	9,897
Bond payable - current portion	-	-	-	184,946	-	-	106,331	-	-	291,277
Loans payable - current portion	-	-	-	-	-	-	70,857	-	-	70,857
Total current liabilities	<u>52,130</u>	<u>9,441</u>	<u>-</u>	<u>187,741</u>	<u>-</u>	<u>-</u>	<u>292,420</u>	<u>-</u>	<u>163</u>	<u>541,895</u>
<b>Noncurrent Liabilities</b>										
Bond payable - noncurrent portion	-	-	-	194,773	-	-	3,097,053	-	-	3,291,826
Loans payable - noncurrent portion	-	-	-	-	-	-	2,491,954	-	-	2,491,954
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,773</u>	<u>-</u>	<u>-</u>	<u>5,589,007</u>	<u>-</u>	<u>-</u>	<u>5,783,780</u>
Total Liabilities	<u>52,130</u>	<u>9,441</u>	<u>-</u>	<u>382,514</u>	<u>-</u>	<u>-</u>	<u>5,881,427</u>	<u>-</u>	<u>163</u>	<u>6,325,675</u>
<b>NET POSITION:</b>										
Net investment in capital assets	-	-	-	-	-	-	40,657	-	-	40,657
Restricted	-	-	464,629	-	-	-	246,136	-	-	710,765
Unrestricted	1,137,388	1,502,755	1,540,527	3,153,758	214,506	89,533	446,673	517,727	510,766	9,113,633
Total net position	<u>\$ 1,137,388</u>	<u>\$ 1,502,755</u>	<u>\$ 2,005,156</u>	<u>\$ 3,153,758</u>	<u>\$ 214,506</u>	<u>\$ 89,533</u>	<u>\$ 733,466</u>	<u>\$ 517,727</u>	<u>\$ 510,766</u>	<u>\$ 9,865,055</u>

C3

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 Year Ended December 31, 2017

	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 Metropolitan Area Redevelopment Loan Fund	Total
<b>OPERATING REVENUES:</b>										
Fees	\$ 4,500	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Grant income	13,888	-	93,000	205,780	-	-	-	-	-	312,668
Interest income on loans	22,933	-	-	-	-	-	-	8,471	2,851	34,255
Miscellaneous income	29,925	-	-	-	-	13	1,592	13	-	31,543
Rent	-	-	-	2,670	840	-	667,690	-	-	671,200
Total operating revenues	<u>71,246</u>	<u>-</u>	<u>93,500</u>	<u>208,450</u>	<u>840</u>	<u>13</u>	<u>669,282</u>	<u>8,484</u>	<u>2,851</u>	<u>1,054,666</u>
<b>OPERATING EXPENSES:</b>										
Depreciation	-	-	-	-	-	-	195,395	-	-	195,395
Grant expense	300,000	-	-	-	-	-	-	-	-	300,000
Insurance	5,245	525	665	1,622	-	618	15,320	-	-	23,995
Miscellaneous expense	206	-	-	-	-	-	-	-	-	206
Professional fees	88,908	9,941	500	6,455	500	-	80,123	-	-	186,427
Site maintenance	-	3,840	1,195	4,000	3,100	13	37,217	-	-	49,365
Special district fees	-	704	1,288	-	817	74	6,790	-	-	9,673
Supplies	-	-	-	-	-	-	1,047	-	-	1,047
Telecommunications	-	-	-	-	-	-	1,254	-	-	1,254
Utilities	-	-	-	-	-	-	15,839	-	-	15,839
Total operating expenses	<u>394,359</u>	<u>15,010</u>	<u>3,648</u>	<u>12,077</u>	<u>4,417</u>	<u>705</u>	<u>352,985</u>	<u>-</u>	<u>-</u>	<u>783,201</u>
Operating income (loss)	(323,113)	(15,010)	89,852	196,373	(3,577)	(692)	316,297	8,484	2,851	271,465
<b>NON-OPERATING REVENUES (EXPENSES):</b>										
Interfund revenue	199,617	5,069	1,860	4,046	3,917	692	-	-	-	215,201
Interfund expenditure	(78,830)	-	(1,295)	(135,076)	-	-	-	-	-	(215,201)
Interest expense	-	-	-	(30,023)	-	-	(272,096)	-	-	(302,119)
Other interest income	467	-	200	125	-	-	312	122	203	1,429
Total non-operating revenues (expenses)	<u>121,254</u>	<u>5,069</u>	<u>765</u>	<u>(160,928)</u>	<u>3,917</u>	<u>692</u>	<u>(271,784)</u>	<u>122</u>	<u>203</u>	<u>(300,690)</u>
Change in net position	(201,859)	(9,941)	90,617	35,445	340	-	44,513	8,606	3,054	(29,225)
Net position - beginning	<u>1,339,247</u>	<u>1,512,696</u>	<u>1,914,539</u>	<u>3,118,313</u>	<u>214,166</u>	<u>89,533</u>	<u>688,953</u>	<u>509,121</u>	<u>507,712</u>	<u>9,894,280</u>
Net position - ending	<u>\$ 1,137,388</u>	<u>\$ 1,502,755</u>	<u>\$ 2,005,156</u>	<u>\$ 3,153,758</u>	<u>\$ 214,506</u>	<u>\$ 89,533</u>	<u>\$ 733,466</u>	<u>\$ 517,727</u>	<u>\$ 510,766</u>	<u>\$ 9,865,055</u>