

GENESEE GATEWAY LOCAL  
DEVELOPMENT CORPORATION

AUDITED BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2022

# GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying consolidated financial statements of Genesee Gateway Local Development Corporation (GGLDC), its wholly owned subsidiary Genesee Agri-Business, LLC (GABLLC) and their discretely presented component units, STAMP Sewer Works, Inc., and STAMP Water Works, Inc. as of and for the year ended December 31, 2022, and the related notes to the consolidated financial statements, which collectively comprise the GGLDC's basic financial statements, as listed in the table of contents.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the GGLDC as of December 31, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion & Analysis on pages 4 – 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise GGLDC's basic financial statements. The accompanying supplementary information on Pages 25 through 28 and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and the other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023; on our consideration of GGLDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GGLDC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GGLDC's internal control over financial reporting and compliance.

### **Other Reporting Required by New York State Public Authorities law**

In accordance with New York State Public Authorities Law, we have also issued our report dated March 30, 2023, on our consideration of GGLDC's compliance with Section 2925 of New York State Public Authorities Law. The purpose of that report is to determine whether GGLDC obtained and managed its investments in compliance with its own policies and relevant sections of the New York State Public Authorities Law.

Oneonta, New York  
March 30, 2023



**Genesee Gateway Local Development Corporation**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2022**

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, 2022 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 developed the 250-acre Genesee Valley Agri-Business Park (GVAB) located in the Town of Batavia. The GVAB is a shovel ready park dedicated to food processing companies. This park is home to Upstate Niagara Cooperative's food processing facility, a food processing support company, Marktec Products, Inc., and a dairy processing plant, HP Hood.
- The STAMP Water Works, Inc. and STAMP Sewer Works, Inc. were formed under Transportation Corporations Law of the State of New York to provide onsite water and sewer services to tenants at WNY STAMP (Science and Technology Advanced Manufacturing Park). The GGLDC is the sole shareholder of both entities. Both the STAMP Water Works, Inc. and STAMP Sewer Works, Inc. have been included in the GGLDC as discretely presented component units. These entities had no activity in 2022.

## Affiliated Entities

The Genesee County Industrial Development Agency D/B/A Genesee County Economic Development Center (GCEDC), was established by the Genesee County Legislature in 1970 under New York State's General Municipal Law. The GCEDC is a component unit of Genesee County (the County). The GCEDC's mission is to facilitate local economic growth and development which fosters investment and job creation for the benefit of our residents and children. This is done by offering financial assistance, real estate solutions, workforce development programming and placemaking options in order to build back local and regional manufacturing and by supporting the continued growth and success of our local businesses all across Genesee County.

## Financial Analysis of the Corporation

	2022	2021	Higher/ (Lower) Prior Year	% Increase (Decrease)
Cash & Cash Equivalents	\$ 5,541,182	\$ 5,080,328	\$ 460,854	9%
Total Current Assets	\$ 6,538,735	\$ 5,415,613	\$ 1,123,122	21%
Land Held for Development & Sale	\$ 3,521,964	\$ 3,896,097	\$ (374,133)	(10%)
Capital Assets, Net	\$ 4,900,556	\$ 5,095,660	\$ (195,104)	(4%)
Lease Receivable - Noncurrent	\$ 2,562,258	\$ 0	\$ 2,562,258	N/A
Loans Receivable - Noncurrent	\$ 1,156,666	\$ 764,495	\$ 392,171	51%
Total Current Liabilities	\$ 456,302	\$ 437,865	\$ 18,437	4%
Total Noncurrent Liabilities	\$ 4,443,811	\$ 4,697,901	\$ (254,090)	(5%)
Total Net Position	\$ 10,743,467	\$ 10,036,099	\$ 707,368	7%
Operating Revenues	\$ 3,379,018	\$ 1,100,748	\$ 2,278,270	207%
Operating Expenses	\$ 2,516,081	\$ 1,727,151	\$ 788,930	46%
Net Operating Income (Loss)	\$ 862,937	\$ (626,403)	\$ 1,489,340	238%

Total current assets increased by \$1,123,122 (21%) which attributable to:

- Cash increased by \$460K which is mostly attributable to a land sale. The GGLDC closed on a land sale to J&R Fancher at the Buffalo East Tech Park in 2022, collecting net land sale proceeds of \$295K.
- Current lease receivable of \$523K recorded in 2022 related to implementation of GASB Statement 87, Leases.

Noncurrent lease receivable increased by \$2,562,258 due to implementation of GASB Statement 87, Leases in 2022. Noncurrent loans receivable increased by \$392,171 (51%) due to three new loans disbursed in 2022 to HP Hood, Upstate Niagara Cooperative and LNK Holdings.

Land held for development & sale decreased by \$374,133 (-10%) which is attributable to the land sale at Buffalo East Tech Park in 2022.

Net capital assets decreased by \$195,104 (-4%) due to depreciation expense for the year.



The following table summarizes GGLDC's results of operations for the fiscal years ended December 31, 2022 and 2021 and changes between the years:

	<b>2022</b>	<b>2021</b>	<b>% Increase / (Decrease)</b>
<b>OPERATING REVENUES</b>			
Grant Income	\$ 2,607,662	\$ 172,575	1411%
Gain (Loss) on Land Held for Dev. & Sale	\$ (78,904)	\$ 152,979	(152%)
Fees	\$ 24,114	\$ 9,768	77%
Interest Income on Loans	\$ 20,403	\$ 23,875	(15%)
Interest Income on Leases	\$ 123,346	\$ N/A	N/A
Other Income	\$ 1,372	\$ 1,741	369%
Rent	\$ 681,025	\$ 739,810	(8%)
Total Operating Revenues	<u>\$ 3,379,018</u>	<u>\$ 1,100,748</u>	207%
<b>OPERATING EXPENSES</b>			
General & Administrative	\$ 12,294	\$ 26,398	(53%)
Property Related Expenses	\$ 326,128	\$ 308,975	6%
Site Development	\$ 4,836	\$ 281,906	(98%)
Grant Expense	\$ 1,890,297	\$ 958,145	97%
Utilities	\$ 19,911	\$ 16,335	22%
Professional Fees	\$ 262,615	\$ 135,392	94%
Total Operating Expenses	<u>\$ 2,516,081</u>	<u>\$ 1,727,151</u>	46%
Net Operating Income (Loss)	\$ 862,937	\$ (626,403)	238%
<b>NON-OPERATING REVENUES/(EXPENSES)</b>			
Other Interest Income	\$ 4,549	\$ 4,310	6%
Interest Expense	\$ (160,118)	\$ (167,565)	(4%)
Total Non-Operating Expenses	<u>\$ (155,569)</u>	<u>\$ (163,255)</u>	(5%)
Change in Net Position	<u>\$ 707,368</u>	<u>\$ (789,658)</u>	190%

Increase in revenue from grants of \$2,435,087 (1411%):

- See Grant Income section for details of grant revenue recorded in 2022.

Decrease in gain (loss) on land held for development & sale of \$231,883 (-152%):

- 17.02 acres of land sold at the Buffalo East Tech Park in 2022.

Increase in grant expense of \$932,152 (97%) is attributable to:

- \$367K grant to HP Hood related to an Office of Community Renewal grant project.
- \$367K grant to Upstate Niagara Cooperative related to an Office of Community Renewal grant project.
- Genesee CARES Business Relief fund; Genesee County secured \$1M in CDGB funding to support local businesses that have been negatively impacted by COVID-19.

Decrease in site development expense of \$277,070 (-98%) is attributable to a credit that was applied in 2021 to the Gateway GS land sale for road and water main infrastructure improvements which was recorded as site development expense. Additionally, in 2021 payments were made to Victor Excavating to re-route roadside drainage at Ag Park.

### **Grant Income**

Grant income in support of corporate park and other development initiatives totaled \$2,607,662 in 2022. The various funding sources for the major grant revenue recognized during the year are described below:

- \$93,000 Annual Community Benefit Agreement payment committed by CNL Income Darien Lake to support infrastructure development in Western Genesee County. Payments occur over 20 years (2008-2027).
- \$50,000 Funding from two solar projects to support Workforce Development Initiatives and the overall Economic Development Program.
- \$736,406 Office of Community Renewal Grant to support an HP Hood project, providing financing for the installation of an additional filler line at its existing production facility in the Genesee Valley Agri-Business Park. \$367,000 of this OCR grant was loaned and \$367,000 was granted to HP Hood, with the remainder covering grant administration.
- \$744,093 Office of Community Renewal Grant to support an Upstate Niagara Cooperative project, providing financing for the reactivation of a dormant yogurt production facility in the Genesee Valley Agri-Business Park. \$367,000 of this OCR grant was loaned and \$367,000 was granted to Upstate Niagara Cooperative, with the remainder covering grant administration.
- \$984,163 Office of Community Renewal Grant to support the Genesee CARES Business Relief Fund. Through the beginning of 2023, the GGLDC will have provided grants to 35 small businesses in Genesee County.

## Activities

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

**The Operating Fund:** Accounts for general administration of the GGLDC.

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

**Buffalo East Fund:** The Buffalo East Tech Park (BETP) is a 67-acre site located directly off Exit 48A of the New York State Thruway in the Town of Pembroke. Strategic advantages of the park include access to workforce from both the Buffalo and Rochester regions and low-cost hydro-power options for occupants. The GCEDC/GGLDC and the Town of Pembroke, in cooperation with the Village of Corfu, completed the expansion of the wastewater treatment facility's capacity by constructing a new 150,000 gpd treatment plant. Current tenants include Yancey's Fancy and Professional Turf Services. J & R Fancher Specialties, LLC purchased 17 acres in 2022 and has begun construction on their mixed-use facility that has first floor retail and two stories of market rate apartments. The project is expected to be completed in 2023.

**Ag Park Fund:** One of a kind, 250-acre agri-business and food processing park focused on attracting food processing and related companies to the site. The park is currently home to HP Hood, Upstate Niagara Cooperative and Marktéc Industries. The park is fully shovel ready. Several other companies are currently looking at the park for the potential construction/location of their production facilities.

**MedTech Park Fund:** MedTech Park, a 34-acre shovel-ready park located in the Town of Batavia, is home to the Dr. Bruce A. Holm MedTech Centre. The park is equipped with electric, gas and broadband. Marketing the shovel-ready acreage available at the MedTech Park continued in 2021. YSG Solar will be constructing a community solar farm on approximately 7 acres at the MedTech Park in early 2023. In 2022 a purchase and sale agreement was entered into for the sale of 9 acres for the construction of a market rate apartment complex.

**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. The GGLDC owned property is being utilized as a mitigation area for a Part 182 permit.

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

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

**Batavia Micropolitan Area Redevelopment Loan Fund:** This is a loan fund established to foster investments in business districts across the Batavia Micropolitan area which facilitates redevelopment of underutilized buildings and sites, including a housing component.

**Capital Assets**

The following table summarizes the changes in GGLDC capital assets between fiscal years 2022 and 2021:

**Changes in Capital Assets between Fiscal Years 2022 and 2021**

**Financial Highlights**

	<b>2022</b>	<b>2021</b>	<b>Increase / (Decrease)</b>
Furniture & Equipment	\$ 46,599	\$ 46,599	\$ -
Building and Improvements	\$ 7,202,120	\$ 7,202,120	\$ -
Less Accumulated Depreciation	\$ (2,348,163)	\$ (2,153,059)	\$ (195,104)
Net Capital Assets	\$ 4,900,556	\$ 5,095,660	\$ (195,104)
Land Held for Development & Sale	\$ 3,521,964	\$ 3,896,097	\$ (374,133)

**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, 2022

	Primary Government	Component Units
<b>ASSETS:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 5,541,182	\$ -
Accounts receivable	9,043	-
Grants receivable	34,325	-
Prepaid items	4,088	-
Lease receivable - current	523,233	-
Loans receivable - current	426,864	-
Total current assets	6,538,735	-
<b>Noncurrent assets:</b>		
Lease receivable - noncurrent	2,562,258	-
Loans receivable - noncurrent (net of \$176,545 allowance for bad debts)	1,156,666	-
Land held for development and sale	3,521,964	-
Capital assets, net	4,900,556	-
Total noncurrent assets	12,141,444	-
Total assets	18,680,179	-
<b>LIABILITIES:</b>		
<b>Current liabilities:</b>		
Accounts payable	45,963	-
Customer deposit	20,000	-
Security deposits payable	109,944	-
Unearned revenue	40,934	-
Bond payable - current portion	152,945	-
Loan payable - current portion	86,516	-
Total current liabilities	456,302	-
<b>Noncurrent liabilities:</b>		
Bond payable - noncurrent portion	2,351,872	-
Loan payable - noncurrent portion	2,091,939	-
Total noncurrent liabilities	4,443,811	-
Total liabilities	4,900,113	-
<b>DEFERRED INFLOW OF RESOURCES:</b>		
Deferred inflow - leases	3,036,599	-
Total deferred inflow of resources	3,036,599	-
<b>NET POSITION:</b>		
Net investment in capital assets	217,284	-
Restricted	569,279	-
Unrestricted	9,956,904	-
Total net position	\$ 10,743,467	\$ -

See accompanying notes to the consolidated financial statements.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2022

	<u>Primary Government</u>	<u>Component Units</u>
<b>OPERATING REVENUES:</b>		
Fees	\$ 24,114	\$ -
Grant income	2,607,662	-
Interest income on leases	123,346	-
Interest income on loans	20,403	-
Lease revenue	560,296	-
Rent	120,729	-
Other income	1,372	-
Loss on sale of land held for development and sale	(78,904)	-
Total operating revenues	<u>3,379,018</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>		
Brokerage fees	465	-
Depreciation	195,104	-
Fees and permits	235	-
Grant expense	1,890,297	-
Insurance	32,052	-
Miscellaneous	10,875	-
Professional fees	262,150	-
Site maintenance	85,710	-
Site development	4,836	-
Special district fees	13,262	-
Supplies	1,184	-
Utilities	19,911	-
Total operating expenses	<u>2,516,081</u>	<u>-</u>
Operating income (loss)	<u>862,937</u>	<u>-</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest expense	(160,118)	-
Other interest income	4,549	-
Total nonoperating revenues (expenses)	<u>(155,569)</u>	<u>-</u>
Change in net position	707,368	-
Net position - beginning	<u>10,036,099</u>	<u>-</u>
Net position - ending	<u>\$ 10,743,467</u>	<u>\$ -</u>

See accompanying notes to the consolidated financial statements.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2022

	Primary Government	Component Units
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Fees	\$ 24,114	\$ -
Grant income	2,608,317	-
Interest income on leases	123,346	-
Interest income on loans	24,541	-
Lease revenue	560,296	-
Rental income	98,588	-
Other income	22,809	-
Repayments of loans	328,757	-
Issuance of loans	(866,000)	-
Proceeds from sale of land, net of related expenses	295,229	-
Grant expense	(1,890,297)	-
Insurance	(33,240)	-
Miscellaneous expense	(10,875)	-
Professional fees	(241,933)	-
Fees and permits	(220)	-
Site development	(23,779)	-
Site maintenance	(87,675)	-
Special district fees	(13,262)	-
Supplies	(1,253)	-
Utilities	(19,987)	-
Net cash provided by operating activities	<u>897,476</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal payments on bonds and loans	(239,700)	-
Interest paid on bonds and loans	(152,579)	-
Deferred inflow of lease payments	(48,892)	-
Net cash used by capital and related financing activities	<u>(441,171)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest income	4,549	-
Net cash provided by investing activities	<u>4,549</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	460,854	-
Cash and cash equivalents - beginning of year	<u>5,080,328</u>	<u>-</u>
Cash and cash equivalents - end of year	<u>\$ 5,541,182</u>	<u>\$ -</u>

See accompanying notes to the consolidated financial statements.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2022 (CONTINUED)

	<u>Primary Government</u>	<u>Component Units</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 862,937	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	195,104	-
(Increase) in accounts receivable	(969)	-
Decrease in grants receivable	655	-
(Increase) in operating prepaid items	(1,188)	-
(Increase) in loans receivable	(537,243)	-
Decrease in land held for development and sale	374,133	-
(Decrease) in operating accounts payable	(316)	-
Increase in customer deposits	20,000	-
(Decrease) in unearned revenue	(15,637)	-
Total adjustments	<u>34,539</u>	<u>-</u>
Net cash provided by operating activities, page 11	<u>\$ 897,476</u>	<u>\$ -</u>

See accompanying notes to the consolidated financial statements.



## **GENESSEE 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 (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the GGLDC's accounting policies are described below.

##### **A. REPORTING ENTITY**

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

The financial reporting entity includes organizations, functions, and activities over which appointed officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing agency, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Genesee Agri-Business, LLC has been included in the reporting entity as a blended component unit. The GGLDC is the sole member of both the STAMP Sewer Works, Inc. and the STAMP Water Works, Inc. Based on the assessment of management both corporations have been included in the GGLDC as discretely presented component units. The financial statements of the discretely presented component units can be obtained from the office of the GGLDC located at 99 MedTech Drive, Batavia, NY 14020.

The financial reporting entity consists of (a) the primary entity which is the GGLDC, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary entity is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The decision to include a potential unit in the GGLDC's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability, in accordance with U.S. GAAP. Management has determined that the GGLDC is not a component unit of the GCEDC in accordance with U.S. GAAP.

##### **B. BASIS OF PRESENTATION**

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

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

##### **C. CONSOLIDATED FINANCIAL STATEMENT PRESENTATION**

The consolidated financial statements include the accounts of the GGLDC and the Genesee Agri-Business, LLC as a blended component unit and STAMP Sewer Works, Inc. and STAMP Water Works, Inc. as discretely presented component units. All significant intercompany balances and transactions have been eliminated in the

## GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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. ACCOUNTS RECEIVABLE

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

#### I. LOANS RECEIVABLE

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

#### J. DUE TO/FROM OTHER FUNDS

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

#### K. LAND HELD FOR DEVELOPMENT AND SALE

Land held for development and sale is valued at cost.

# GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

### M. UNEARNED REVENUE

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

### N. CAPITAL ASSETS

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

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

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

### O. STATEMENT OF CASH FLOWS

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

### P. ACCOUNTING PRONOUNCEMENTS

The GGLDC has evaluated GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 92, *Omnibus 2020*, GASB Statement No. 93, *Replacement of Interbank Offered Rates*, GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32* and GASB Statement No. 98, *The Annual Comprehensive Financial Report* and have determined that there is no significant impact for the year ended December 31, 2022 related to these Statements. The GGLDC has evaluated and implemented GASB No. 87 *Leases*. GASB No. 87 better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governmental entities.

## GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 99, *Omnibus 2022*, which will be effective for the year ending December 31, 2023.
- Statement No. 100, *Accounting Changes and Error Corrections*-an amendment of GASB Statement No. 62 which is effective for the year ending December 31, 2024.
- Statement No. 101, *Compensated Absences*, which will be effective for the year ending December 31, 2024.

#### Q. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

#### **NOTE 2. DEPOSITS AND INVESTMENTS**

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

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

As of December 31, 2022, the GGLDC's cash balances were fully collateralized or covered by FDIC insurance. As of December 31, 2022, cash balances of \$2,326,177 in the GAB, LLC were not fully collateralized or covered by FDIC insurance.

##### Investment and Deposit Policy

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

##### Interest Rate Risk

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

# GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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.

### Custodial Credit Risk

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

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

### **NOTE 3. LOANS RECEIVABLE**

The GGLDC provides low interest loans to businesses located in Genesee County in order to encourage economic development. Loans receivable consisted of the following at December 31, 2022:

	<u>Operating Fund Terms</u>	<u>Current</u>	<u>Noncurrent</u>
HP Hood, LLC (#1)	Annual payments for 5 years at 0% interest, maturing March 2024.	\$ 100,000	\$ 100,000
Freightliner & Western Star of Batavia, LLC	Monthly payments for 5 years at 2% interest, maturing July 2024.	46,171	27,362
Freightliner & Western Star of Batavia, LLC (Deferred Loan)	No interest shall accrue on the outstanding principal; matures June 2024.	-	224,500
Caccamise Auto Transport*	Monthly payments for 4 years at 3.25% interest, maturing April 2025.	3,094	3,128
Kanaley Painting*	Monthly payments for 5 years at 2.25% interest, matured April 2015. The GGLDC is currently working on collecting this loan.	9,260	-
HP Hood, LLC (#2)	Annual payments for 5 years at 0% interest, maturing March 2027.	73,400	293,600
Upstate Niagara Cooperative, Inc	Annual payments for 5 years at 0% interest, maturing August 2027.	<u>73,400</u>	<u>293,600</u>
Subtotal – Operating Fund		<u>305,325</u>	<u>942,190</u>

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

		<u>Economic Development Loan Fund</u>	<u>Current</u>	<u>Noncurrent</u>
Liberti, Valvo & Associates, LLC (#1)	Monthly payments for 7 years at 3.4% interest, maturing July 2024.		7,736	4,635
Yancey's Fancy, Inc.	Monthly payments for 5 years at 3% interest, maturing February 2024.		67,673	11,477
Liberti, Valvo & Associates, LLC (#2)	Monthly payments for 10 years at Prime Rate adjusted annually in January with a floor of 3%, maturing July 2030.		8,118	70,602
Fraser-Branche Property, LLC	Monthly payments for 10 years at Prime Rate adjusted annually in January with a floor of 3%, maturing June 2031.		11,591	118,950
LNK Holdings, Inc	Monthly payments for 10 years at Prime Rate adjusted annually in January with a floor of 3%, maturing January 2032.		<u>9,865</u>	<u>111,605</u>
Subtotal – Economic Development Loan Fund			<u>104,983</u>	<u>317,269</u>
		<u>Batavia Micropolitan Area Redevelopment Loan Fund</u>	<u>Current</u>	<u>Noncurrent</u>
Batavia Brewing Company, LLC	Payments of interest only for 12 months, thereafter monthly payments for 9 years at 3.4% interest, maturing January 2028.		<u>16,556</u>	<u>73,752</u>
Total Loans Receivable			<u>\$ 426,864</u>	<u>\$1,333,211</u>

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

The GGLDC estimated an allowance for bad debts in the Operating Fund of \$176,545, which is considered by management to be sufficient for any losses. Through evaluation of outstanding loan receivables in other funds, there is no additional allowance for doubtful accounts as of December 31, 2022. Subsequent to the fiscal year end management has determined that the Caccamise Auto Transport loan is no longer considered collectable and the GGLDC Board approved a write-off of this loan.

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 4. CAPITAL ASSETS**

Capital asset activity for the GGLDC for the year ended December 31, 2022 was as follows:

	<u>Balance</u> <u>01/01/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2022</u>
Capital assets being depreciated				
Building and improvements	\$ 7,202,120	\$ -	\$ -	\$ 7,202,120
Furniture and equipment	<u>46,599</u>	<u>-</u>	<u>-</u>	<u>46,599</u>
Total capital assets being depreciated	<u>7,248,719</u>	<u>-</u>	<u>-</u>	<u>7,248,719</u>
Less accumulated depreciation:				
Building and improvements	2,115,224	191,806	-	2,307,030
Furniture and equipment	<u>37,835</u>	<u>3,298</u>	<u>-</u>	<u>41,133</u>
Total accumulated depreciation	<u>2,153,059</u>	<u>195,104</u>	<u>-</u>	<u>2,348,163</u>
Total capital assets being depreciated, net	<u>\$ 5,095,660</u>	<u>\$ 195,104</u>	<u>\$ -</u>	<u>\$ 4,900,556</u>

**NOTE 5. LAND HELD FOR DEVELOPMENT AND SALE**

Land held for development and sale activity for the year ended December 31, 2022 was as follows:

	<u>Balance</u> <u>01/01/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2022</u>
GGLDC	\$ 2,556,367	\$ -	\$ (374,133)	\$ 2,182,234
GAB, LLC	<u>1,339,730</u>	<u>-</u>	<u>-</u>	<u>1,339,730</u>
Total	<u>\$ 3,896,097</u>	<u>\$ -</u>	<u>\$ (374,133)</u>	<u>\$ 3,521,964</u>

**NOTE 6. UNEARNED REVENUE**

The GGLDC leases space in the Med Tech Centre building to the GCEDC, Genesee Community College, United Memorial Medical Center and First Wave Technologies, Inc. At December 31, 2022, rent received in advance totaled \$39,914.

The GGLDC leases property to various tenants. At December 31, 2022, rent received in advance totaled \$1,020.

**NOTE 7. LINE OF CREDIT**

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

At December 31, 2022, there was no funds drawn against the line of credit.

## GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### NOTE 8. LOANS PAYABLE

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

The loan payable to the United States Department of Agriculture, with an original amount of \$3,000,000, is due in monthly installments of \$14,340 with an interest rate of 4%, maturing September 2040, or until paid in full. At December 31, 2022, there was a balance of \$2,178,455.

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

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 86,516	\$ 85,564
2024	90,041	82,039
2025	93,710	78,370
2026	97,528	74,552
2027	101,501	70,579
2028-2032	573,008	287,392
2033-2037	699,643	160,757
2038-2040	<u>436,508</u>	<u>24,537</u>
Total	<u>\$ 2,178,455</u>	<u>\$ 863,790</u>

#### NOTE 9. BONDS PAYABLE

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

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

<u>Description</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Interest Rate*</u>	<u>Date of Final Maturity</u>	<u>Balance at 12/31/2022</u>
MedTech Centre – Taxable	09/10	\$1,078,095	3.16%	09/35	\$ 731,273
MedTech Centre – Tax Exempt	09/10	\$2,821,905	2.52%	09/35	<u>1,773,544</u>
					<u>\$ 2,504,817</u>

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 152,945	\$ 62,050
2024	171,961	62,577
2025	176,911	57,627
2026	181,822	52,715
2027	186,872	47,667
2028-2032	1,015,001	157,689
2033-2035	<u>619,305</u>	<u>24,340</u>
Total	<u>\$ 2,504,817</u>	<u>\$ 464,665</u>



## GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### **NOTE 10. RELATED PARTY TRANSACTIONS**

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

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

The GCEDC leases office space from the GGLDC. A lease agreement was entered into in July 2009 to occupy 3,100 square feet of office space at the Med Tech Centre building. The term of the lease is for 15 years commencing in June 2010, upon substantial completion of the building. This lease was amended in October 2015 to include an additional 1,400 square feet of space. As of January 2022, the monthly rent rate was \$1,580. At December 31, 2022, 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 2022 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 \$2,178,455 at December 31, 2022.

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, 2022, there were no funds drawn against this line.

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

#### **NOTE 11. DARIEN LAKE PROJECT**

In consideration of significant economic incentives and community support provided by Genesee County to the owners/operators of Darien Lake theme park, in February 2008, Darien Lake committed to funding a Community Benefit Agreement ("CBA") totaling \$1,832,000 over twenty years to the GGLDC in support of infrastructure development and deployment for the public benefit. The CBA commenced October 1, 2008. A \$93,000 payment was received in 2022. Payments of \$93,000 will be received annually from 2023 through 2027.

#### **NOTE 12. EQUITY INVESTMENT**

The GGLDC owns 100% interest in the GAB, LLC. The GGLDC's equity investment in the GAB, LLC as of December 31, 2022 is as follows:

Balance at the beginning of year	\$ 2,562,240
Net distributions	-
Total equity investment at end of year	<u>\$ 2,562,240</u>

## GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### NOTE 13. NET POSITION

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

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

Capital assets, net of accumulated depreciation	\$ 4,900,556
Loans payable	(2,504,817)
Bonds payable	<u>(2,178,455)</u>
Net investment in capital assets	<u>\$ 217,284</u>

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

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

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

#### NOTE 14 – LEASES

The GGLDC and the GAB, LLC are lessors for leases of real estate. The GGLDC and GAB, LLC recognize a lease receivable and a deferred inflow of resources in the consolidated financial statements.

At the commencement of a lease, the GGLDC and GAB, LLC initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as a revenue over the life of the lease term.

Key estimates and judgements include how the GGLDC and GAB, LLC determine 1) the discount rate used to discount the expected lease receipts to present value, 2) lease term, and 3) lease receipts.

The GGLDC and GAB, LLC do not have a set Incremental Rate of Return (IRR) for their real estate leases. In lieu of an IRR, the GGLDC and GAB, LLC calculate an Implicit Borrowing Rate (IBR) using rates from US Treasuries based on lease term.

The lease term includes the non-cancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The GGLDC and GAB, LLC monitor changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

The total amount of inflows of resources, including lease revenue of \$548,545 and \$11,751 and interest revenue of \$121,388 and \$1,958, respectively, was recognized during the fiscal year.

**GENESSEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The future lease receipts under lease agreements are as follows (in thousands):

Maturity Analysis - Lease	GGLDC		GAB, LLC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 509,788	\$ 103,292	\$ 13,445	\$ 1,786	\$ 523,233	\$ 105,078
2024	522,953	84,529	13,946	1,590	536,899	86,119
2025	320,056	66,726	14,460	1,387	334,516	68,113
2026	125,676	59,607	14,989	1,175	140,665	60,782
2027	131,134	53,409	15,530	957	146,664	54,366
2028 – 2032	745,919	185,905	49,989	1,477	795,908	187,382
2033 – 2037	468,044	40,564	-	-	468,044	40,564
2038 - 2042	74,788	11,370	-	-	74,788	11,370
2043 – 2047	64,774	3,167	-	-	64,774	3,167
Total	\$ <u>2,963,132</u>	\$ <u>608,569</u>	\$ <u>122,359</u>	\$ <u>8,372</u>	\$ <u>3,085,491</u>	\$ <u>616,941</u>

The total consolidated principal and interest at December 31, 2022 is \$3,702,432.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 30, 2023, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

## **SUPPLEMENTARY INFORMATION**

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION  
CONSOLIDATING STATEMENT OF NET POSITION  
DECEMBER 31, 2022

	Primary Government				Component Units		
	Genesee Gateway Local Development Corporation	Genesee Agri- Business LLC	Eliminations	Total	STAMP Sewer Works, Inc.	STAMP Water Works, Inc.	Total
<b>ASSETS:</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 2,962,525	\$ 2,578,657	\$ -	\$ 5,541,182	\$ -	\$ -	\$ -
Accounts receivable	9,043	-	-	9,043	-	-	-
Grants receivable	34,325	-	-	34,325	-	-	-
Prepaid items	4,088	-	-	4,088	-	-	-
Lease receivable - current	509,788	13,445	-	523,233	-	-	-
Loans receivable - current	426,864	-	-	426,864	-	-	-
Total current assets	<u>3,946,633</u>	<u>2,592,102</u>	<u>-</u>	<u>6,538,735</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Noncurrent assets:</b>							
Lease receivable - noncurrent	2,453,344	108,914	-	2,562,258	-	-	-
Loans receivable - noncurrent (net of \$176,545 allowance for bad debts)	1,156,666	-	-	1,156,666	-	-	-
Land held for development and sale	2,182,234	1,339,730	-	3,521,964	-	-	-
Capital assets, net	4,900,556	-	-	4,900,556	-	-	-
Equity investment in GAB, LLC	2,562,240	-	(2,562,240)	-	-	-	-
Total noncurrent assets	<u>13,255,040</u>	<u>1,448,644</u>	<u>(2,562,240)</u>	<u>12,141,444</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>17,201,673</u>	<u>4,040,746</u>	<u>(2,562,240)</u>	<u>18,680,179</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES:</b>							
<b>Current liabilities:</b>							
Accounts payable	45,963	-	-	45,963	-	-	-
Customer deposit	-	20,000	-	20,000	-	-	-
Security deposits payable	109,944	-	-	109,944	-	-	-
Unearned revenue	40,934	-	-	40,934	-	-	-
Bond payable - current portion	152,945	-	-	152,945	-	-	-
Loan payable - current portion	86,516	-	-	86,516	-	-	-
Total current liabilities	<u>436,302</u>	<u>20,000</u>	<u>-</u>	<u>456,302</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Noncurrent liabilities:</b>							
Bond payable - noncurrent portion	2,351,872	-	-	2,351,872	-	-	-
Loan payable - noncurrent portion	2,091,939	-	-	2,091,939	-	-	-
Total noncurrent liabilities	<u>4,443,811</u>	<u>-</u>	<u>-</u>	<u>4,443,811</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,880,113</u>	<u>20,000</u>	<u>-</u>	<u>4,900,113</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>							
Deferred inflow - leases	2,914,240	122,359	-	3,036,599	-	-	-
Total deferred inflow of resources	<u>2,914,240</u>	<u>122,359</u>	<u>-</u>	<u>3,036,599</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION:</b>							
Net investment in capital assets	217,284	-	-	217,284	-	-	-
Restricted	569,279	-	-	569,279	-	-	-
Unrestricted	8,620,757	3,898,387	(2,562,240)	9,956,904	-	-	-
Total net position	<u>\$ 9,407,320</u>	<u>\$ 3,898,387</u>	<u>\$ (2,562,240)</u>	<u>\$ 10,743,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the consolidated financial statements.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION  
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2022

	Primary Government				Component Units		
	Genesee Gateway Local Development Corporation	Genesee Agri- Business LLC	Eliminations	Total	STAMP Sewer Works, Inc.	STAMP Water Works, Inc.	Total
<b>OPERATING REVENUES:</b>							
Fees	\$ 17,820	\$ 6,294	\$ -	\$ 24,114	\$ -	\$ -	\$ -
Grant income	2,607,662	-	-	2,607,662	-	-	-
Interest income on leases	121,388	1,958	-	123,346	-	-	-
Interest income on loans	20,403	-	-	20,403	-	-	-
Lease revenue	548,545	11,751	-	560,296	-	-	-
Rent	120,729	-	-	120,729	-	-	-
Other income	1,372	-	-	1,372	-	-	-
Loss on sale of land held for development and sale	(78,904)	-	-	(78,904)	-	-	-
Total operating revenues	<u>3,359,015</u>	<u>20,003</u>	<u>-</u>	<u>3,379,018</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>							
Brokerage fees	465	-	-	465	-	-	-
Depreciation	195,104	-	-	195,104	-	-	-
Fees and permits	210	25	-	235	-	-	-
Grant expense	1,890,297	-	-	1,890,297	-	-	-
Insurance	32,052	-	-	32,052	-	-	-
Miscellaneous	10,875	-	-	10,875	-	-	-
Professional fees	262,150	-	-	262,150	-	-	-
Site maintenance	85,710	-	-	85,710	-	-	-
Site development	4,836	-	-	4,836	-	-	-
Special district fees	8,740	4,522	-	13,262	-	-	-
Supplies	1,184	-	-	1,184	-	-	-
Utilities	19,911	-	-	19,911	-	-	-
Total operating expenses	<u>2,511,534</u>	<u>4,547</u>	<u>-</u>	<u>2,516,081</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating income (loss)	<u>847,481</u>	<u>15,456</u>	<u>-</u>	<u>862,937</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>							
Interest expense	(160,118)	-	-	(160,118)	-	-	-
Other interest income	2,508	2,041	-	4,549	-	-	-
Total nonoperating revenues (expenses)	<u>(157,610)</u>	<u>2,041</u>	<u>-</u>	<u>(155,569)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	689,871	17,497	-	707,368	-	-	-
Net position - beginning	8,717,449	3,880,890	(2,562,240)	10,036,099	-	-	-
Less: equity distribution	-	-	-	-	-	-	-
Net position - ending	<u>\$ 9,407,320</u>	<u>\$ 3,898,387</u>	<u>\$ (2,562,240)</u>	<u>\$ 10,743,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the consolidated financial statements.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2022

	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>ASSETS:</b>										
<b>Current assets:</b>										
Cash and cash equivalents	\$ 857,671	\$ -	\$ 381,186	\$ -	\$ -	\$ -	\$ 897,062	\$ 375,131	\$ 451,475	\$ 2,962,525
Accounts receivable	84	-	-	-	-	-	8,959	-	-	9,043
Grants receivable	34,325	-	-	-	-	-	-	-	-	34,325
Prepaid items	4,088	-	-	-	-	-	-	-	-	4,088
Due from (to) other funds	-	-	-	71,748	-	(71,748)	-	-	-	-
Lease receivable - current	-	-	-	-	6,497	-	503,291	-	-	509,788
Loans receivable - current	305,325	-	-	-	-	-	-	104,983	16,556	426,864
Total current assets	<u>1,201,493</u>	<u>-</u>	<u>381,186</u>	<u>71,748</u>	<u>6,497</u>	<u>(71,748)</u>	<u>1,409,312</u>	<u>480,114</u>	<u>468,031</u>	<u>3,946,633</u>
<b>Noncurrent assets:</b>										
Lease receivable - noncurrent	-	-	-	-	276,631	-	2,176,713	-	-	2,453,344
Loans receivable - noncurrent (net of \$176,545 allowance for bad debts)	765,645	-	-	-	-	-	-	317,269	73,752	1,156,666
Land held for development and sale	-	185,010	1,297,077	4,150	214,166	161,281	320,550	-	-	2,182,234
Capital assets, net:										
Furniture and equipment	-	-	-	3,742	-	-	42,857	-	-	46,599
Buildings and improvements	-	-	-	-	-	-	7,202,120	-	-	7,202,120
Less: accumulated depreciation	-	-	-	(2,139)	-	-	(2,346,024)	-	-	(2,348,163)
Total capital assets, net	-	-	-	1,603	-	-	4,898,953	-	-	4,900,556
Equity investment in GAB, LLC	-	-	-	2,562,240	-	-	-	-	-	2,562,240
Total noncurrent assets	<u>765,645</u>	<u>185,010</u>	<u>1,297,077</u>	<u>2,567,993</u>	<u>490,797</u>	<u>161,281</u>	<u>7,396,216</u>	<u>317,269</u>	<u>73,752</u>	<u>13,255,040</u>
Total assets	<u>1,967,138</u>	<u>185,010</u>	<u>1,678,263</u>	<u>2,639,741</u>	<u>497,294</u>	<u>89,533</u>	<u>8,805,528</u>	<u>797,383</u>	<u>541,783</u>	<u>17,201,673</u>
<b>LIABILITIES:</b>										
<b>Current liabilities:</b>										
Accounts payable	43,119	-	-	-	-	-	2,844	-	-	45,963
Security deposits payable	-	-	-	-	-	-	109,944	-	-	109,944
Unearned revenue	-	-	-	-	1,020	-	39,914	-	-	40,934
Bond payable - current portion	-	-	-	-	-	-	152,945	-	-	152,945
Loan payable - current portion	-	-	-	-	-	-	86,516	-	-	86,516
Total current liabilities	<u>43,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,020</u>	<u>-</u>	<u>392,163</u>	<u>-</u>	<u>-</u>	<u>436,302</u>
<b>Noncurrent Liabilities</b>										
Bond payable - noncurrent portion	-	-	-	-	-	-	2,351,872	-	-	2,351,872
Loan payable - noncurrent portion	-	-	-	-	-	-	2,091,939	-	-	2,091,939
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,443,811</u>	<u>-</u>	<u>-</u>	<u>4,443,811</u>
Total liabilities	<u>43,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,020</u>	<u>-</u>	<u>4,835,974</u>	<u>-</u>	<u>-</u>	<u>4,880,113</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>										
Deferred inflow - leases	-	-	-	-	283,129	-	2,631,111	-	-	2,914,240
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,129</u>	<u>-</u>	<u>2,631,111</u>	<u>-</u>	<u>-</u>	<u>2,914,240</u>
<b>NET POSITION:</b>										
Net investment in capital assets	-	-	-	1,603	-	-	215,681	-	-	217,284
Restricted	-	-	381,186	-	-	-	188,093	-	-	569,279
Unrestricted	1,924,019	185,010	1,297,077	2,638,138	213,145	89,533	934,669	797,383	541,783	8,620,757
Total net position	<u>\$ 1,924,019</u>	<u>\$ 185,010</u>	<u>\$ 1,678,263</u>	<u>\$ 2,639,741</u>	<u>\$ 213,145</u>	<u>\$ 89,533</u>	<u>\$ 1,338,443</u>	<u>\$ 797,383</u>	<u>\$ 541,783</u>	<u>\$ 9,407,320</u>

See accompanying notes to the consolidated financial statements.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 YEAR ENDED DECEMBER 31, 2022

	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>OPERATING REVENUES:</b>										
Fees	\$ 17,320	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,820
Grant income	2,514,662	-	93,000	-	-	-	-	-	-	2,607,662
Interest income on leases	-	-	-	-	5,930	-	115,458	-	-	121,388
Interest income on loans	2,197	-	-	-	-	-	-	14,841	3,365	20,403
Lease revenue	-	-	-	-	6,130	-	542,415	-	-	548,545
Rent	-	806	-	2,200	490	-	117,233	-	-	120,729
Other income	21	-	-	-	-	-	960	391	-	1,372
Loss on sale of land held for development and sale	-	-	(78,904)	-	-	-	-	-	-	(78,904)
Total operating revenues	<u>2,534,200</u>	<u>806</u>	<u>14,596</u>	<u>2,200</u>	<u>12,550</u>	<u>-</u>	<u>776,066</u>	<u>15,232</u>	<u>3,365</u>	<u>3,359,015</u>
<b>OPERATING EXPENSES:</b>										
Brokerage fees	-	-	-	-	-	-	465	-	-	465
Depreciation	-	-	-	535	-	-	194,569	-	-	195,104
Fees and permits	-	-	-	210	-	-	-	-	-	210
Grant expense	1,890,297	-	-	-	-	-	-	-	-	1,890,297
Insurance	13,050	231	704	895	-	140	17,032	-	-	32,052
Miscellaneous	10,875	-	-	-	-	-	-	-	-	10,875
Professional fees	174,975	-	-	-	-	-	87,175	-	-	262,150
Site maintenance	-	788	2,000	8,302	4,410	-	70,210	-	-	85,710
Site development	-	-	-	4,836	-	-	-	-	-	4,836
Special district fees	-	201	663	-	817	278	6,781	-	-	8,740
Supplies	382	-	-	-	-	-	802	-	-	1,184
Utilities	-	-	-	-	-	-	19,911	-	-	19,911
Total operating expenses	<u>2,089,579</u>	<u>1,220</u>	<u>3,367</u>	<u>14,778</u>	<u>5,227</u>	<u>418</u>	<u>396,945</u>	<u>-</u>	<u>-</u>	<u>2,511,534</u>
Operating income (loss)	444,621	(414)	11,229	(12,578)	7,323	(418)	379,121	15,232	3,365	847,481
<b>NONOPERATING REVENUES (EXPENSES):</b>										
Interfund revenues	319,658	1,221	3,527	33,186	5,226	418	-	-	-	363,236
Interfund expenses	(43,578)	(807)	(161,543)	(117,555)	(15,070)	-	-	(24,683)	-	(363,236)
Interest expense	-	-	-	-	-	-	(160,118)	-	-	(160,118)
Other interest income	722	-	269	-	-	-	911	251	355	2,508
Total nonoperating revenues (expenses)	<u>276,802</u>	<u>414</u>	<u>(157,747)</u>	<u>(84,369)</u>	<u>(9,844)</u>	<u>418</u>	<u>(159,207)</u>	<u>(24,432)</u>	<u>355</u>	<u>(157,610)</u>
Change in net position	721,423	-	(146,518)	(96,947)	(2,521)	-	219,914	(9,200)	3,720	689,871
Net position - beginning	1,202,596	185,010	1,824,781	2,736,688	215,666	89,533	1,118,529	806,583	538,063	8,717,449
Net position - ending	<u>\$ 1,924,019</u>	<u>\$ 185,010</u>	<u>\$ 1,678,263</u>	<u>\$ 2,639,741</u>	<u>\$ 213,145</u>	<u>\$ 89,533</u>	<u>\$ 1,338,443</u>	<u>\$ 797,383</u>	<u>\$ 541,783</u>	<u>\$ 9,407,320</u>

See accompanying notes to the consolidated financial statements.



GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2022

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Pass through NYS Office of Community Renewal and the Town of Batavia Community Development Block Grant	14.228	83ED956-20	\$ 744,093
Pass through NYS Office of Community Renewal and the Town of Batavia Community Development Block Grant	14.228	83ED957-20	736,406
Pass through NYS Office of Community Renewal and the County of Genesee Community Development Block Grant CARES Program	14.228	444CVSB28-21	<u>984,163</u>
Total expenditures of federal awards			<u><u>\$ 2,464,662</u></u>

See accompanying notes.

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended December 31, 2022**

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NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Genesee Gateway Local Development Corporation ("GGLDC") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. GGLDC has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3 SUBRECIPIENTS

There were no subrecipients.

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## **INTERNAL CONTROL AND COMPLIANCE**

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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Genesee Gateway Local Development Corporation ("GGLDC"), its wholly owned subsidiary, Genesee Agri-Business, LLC ("GAB, LLC") and their discretely presented component units, Stamp Sewer Works, Inc. and Stamp Water Works, Inc. as of and for the year ended December 31, 2022, 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 30, 2023.

**Report on Internal Control over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

## Purpose of this Report

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

A handwritten signature in black ink that reads "Mistert, Manzanero & Scott, LLP". The signature is written in a cursive style and is positioned on the right side of the page.

Oneonta, New York  
March 30, 2023



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Genesee Gateway Local Development Corporation ("GGLDC") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of GGLDC's major federal programs for the year ended December 31, 2022. GGLDC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, GGLDC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of GGLDC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of GGLDC's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on GGLDC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about GGLDC's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding GGLDC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of GGLDC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of GGLDC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mistert, Manzanero & Scott, LLP*

Oneonta, New York  
March 30, 2023



**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**

**Year Ended December 31, 2022**

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**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of GGLDC were prepared in accordance with accounting principles generally accepted in the United States.
2. No significant deficiencies related to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of GGLDC, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the independent auditors' report on compliance for each major program and on internal control over compliance required by Uniform Guidance.
5. The auditors' report on compliance with requirements applicable of the major federal award programs for GGLDC expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(A) are reported in this schedule.
7. The program tested as a major federal program was the U.S. Department of Housing and Urban Development – Community Development Block Grant – CFDA #14.228.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. GGLDC was determined not to be a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

-NONE-

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM AUDIT**

U.S. Department of Housing and Urban Development – Community Development Block Grant – CFDA #14.228

-NONE-

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**

**Year Ended December 31, 2022**

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A. FINDINGS – FINANCIAL STATEMENT AUDIT

-NONE-

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

-NONE-

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

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

We have examined the Genesee Gateway Local Development Corporation's (GGLDC) compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") for the year ended December 31, 2022. Management of GGLDC is responsible for the GGLDC's compliance with the specified requirements. Our responsibility is to express an opinion on GGLDC's compliance with the specified requirements based on our examination.

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

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

In our opinion, GGLDC complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2022.

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

*Mostert, Manzanero & Scott, LLP*

Oneonta, New York  
March 30, 2023