

GENESEE GATEWAY LOCAL  
DEVELOPMENT CORPORATION

AUDITED BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2020

DRAFT

**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 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, 2020, 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.

### **Auditors' 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 from 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.

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

## **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, 2020, 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 – 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the GGLDC's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 as listed in the table of contents 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 , 2021 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 entity'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 , 2021, 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.

*Mostert, Manzanero & Scott, LLP*

Oneonta, New York  
March , 2021

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**Genesee Gateway Local Development Corporation**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2020**

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, 2020 and should be read in conjunction with the financial statements and accompanying notes.

**Overview of the Financial Statements**

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

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

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

**Affiliated Entities**

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

## Financial Analysis of the Corporation

	2020	2019	Higher/ (Lower) Prior Year	% Increase (Decrease)
Cash & Cash Equivalents	\$ 3,709,753	\$ 2,663,576	\$ 1,046,177	39%
Total Current Assets	\$ 4,067,487	\$ 3,028,037	\$ 1,039,450	34%
Land Held for Development & Sale	\$ 5,949,048	\$ 6,611,365	\$ (662,317)	(10%)
Capital Assets, Net	\$ 5,292,070	\$ 5,485,476	\$ (193,406)	(4%)
Total Current Liabilities	\$ 421,259	\$ 366,426	\$ 54,833	15%
Total Noncurrent Liabilities	\$ 4,944,079	\$ 5,191,797	\$ (247,718)	(5%)
Total Net Position	\$ 10,825,757	\$ 10,414,100	\$ 411,657	4%
Operating Revenues	\$ 2,028,766	\$ 1,583,657	\$ 445,109	28%
Operating Expenses	\$ 1,403,815	\$ 774,562	\$ 629,253	81%
Net Operating Income	\$ 624,951	\$ 809,095	\$ (184,144)	(23%)

Total current assets increased by \$1,039,450 (34%) which is due to an increase in cash in the GABLLC. The GABLLC closed on two land sales at the Genesee Valley Agri-Business Park in 2020. Net land sale proceeds of \$1.4M were received from the land sales to Upstate Niagara and HP Hood.

Land held for development and sale decreased by \$662,317 (-10%) which is attributable to the land sales at the GVAB in 2020.

Net Capital Assets decreased by \$193,406 (-4%) mostly due to depreciation expense for the year.



The following table summarizes GGLDC's results of operations for the fiscal years ended December 31, 2020 and 2019 and changes between the years:

	2020	2019	% Increase / (Decrease)
<b>OPERATING REVENUES</b>			
Grant Income	\$ 425,175	\$ 812,775	(48%)
Gain on Land Held for Development & Sale	\$ 759,068	\$ 43,921	1628%
Fees	\$ 10,400	\$ 14,981	(31%)
Interest Income on Loans	\$ 24,018	\$ 29,710	(19%)
Other Income	\$ 94,752	\$ 1,617	5760%
Rent	\$ 715,353	\$ 680,653	5%
Total Operating Revenues	<u>\$ 2,028,766</u>	<u>\$ 1,583,657</u>	28%
<b>OPERATING EXPENSES</b>			
General & Administrative	\$ 15,422	\$ 11,013	40%
Property Related Expenses	\$ 401,081	\$ 301,782	33%
Site Development	\$ 529,523	\$ 2,289	23033%
Grant Expense	\$ 300,000	\$ 300,000	0%
Utilities	\$ 14,431	\$ 16,791	(14%)
Professional Fees	\$ 143,358	\$ 142,687	0%
Total Operating Expenses	<u>\$ 1,403,815</u>	<u>\$ 774,562</u>	81%
Net Operating Income	\$ 624,951	\$ 809,095	(23%)
<b>NON-OPERATING REVENUES/(EXPENSES)</b>			
Other Interest Income	\$ 10,959	\$ 24,106	(55%)
Interest Expense	\$ (224,253)	\$ (264,732)	(15%)
Total Non-Operating Expense	<u>\$ (213,294)</u>	<u>\$ (240,626)</u>	(11%)
Change in Net Position	<u>\$ 411,657</u>	<u>\$ 568,469</u>	(28%)

Decrease in revenue from grants of \$387,600 (-48%):

- See Grant Revenue section for details of grant revenue recorded in 2020.

Increase in gain on land held for development & sale of \$715,147 (1628%):

- 37 acres of land sold at the GVAB in 2020.

Increase in other income of \$93,135 (5760%) is attributable to two insurance claims related to wind and water damage to the roof at the MedTech Centre building.

Increase in property related expenses \$99,299 (33%):

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

Increase in site development expense of \$527,234 (23033%) is attributable to the GGLDC's participation in funding for the Corfu Wastewater Treatment Facility expansion.

## Grant Revenue

Grant revenue in support of corporate park and other development initiatives totaled \$425,175 in 2020. 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).
- \$224,803 OCR Grant to support Freightliner & Western Star of Batavia project.
- \$100,000 Funding from four solar projects to support Workforce Development Initiatives and the overall Economic Development Program.

## 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 a new joint venture has constructed and fully leased their first of five buildings. Construction of the second is anticipated to begin in 2021. These building shells will be used to entice companies to locate within the park by cutting down on construction timelines. The roadway was also extended out to Route 98 from Saile Drive and Mercy Flight constructed their new facility along the new roadway. All utilities, municipal sewer, water, gas and electric are installed in the park. The final parcel at this park is under a purchase and sale agreement with closing anticipated to be 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, are working on expanding the wastewater treatment facility's (WWTF) capacity. Current tenants include Yancey's Fancy and Professional Turf Services. During 2018 through 2019 the design, engineering and permitting for an expansion of the WWTF was completed, with construction completed by the end of 2020. There are another 12 acres that are covered under purchase and sale agreements that were approved in early 2021.

**Ag Park Fund** is a one of a kind, 250 acre agri-business and food processing park focused on attracting food processing and related companies to the site. The park is currently home to HP Hood, Upstate Niagara and Marktec Industries. In 2020 Upstate Niagara purchased 7 additional acres and HP Hood purchased an additional 30 acres. The park is fully shovel-ready. Several other companies are currently looking at the park for the potential construction/location of their production facilities.

**MedTech Park Fund** - MedTech Park, 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 2020.

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

**MedTech Centre Fund** - MedTech Centre is a 43,000 square foot building known as the Dr. Bruce A. Holm Upstate MedTech Centre and is located within the 34-acre MedTech Park near Genesee Community College (GCC). GCC's School of Nursing occupies the entire second floor. UMMC's Summit Physical and Occupational Therapy Center is located on the first floor of the building and serves residents of Genesee and surrounding counties. GCEDC and GGLDC offices are also located on the first floor. The facility also offers 1,300 sq. ft. of commercialization space to support emerging medical device and young technology firms. A medical device company, First Wave Technologies, is currently occupying a portion of the accelerator space within MedTech Centre and 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 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.

During 2020, the GGLDC was marketing the space available at the Centre as a lifecycle solution for young entrepreneurial firms as they grow and develop in our community and to companies seeking additional office space for growth. The Innovation Zone continues to be rented by local groups as a place to meet and work on their organizations progress and growth as well as being utilized by local companies as a training room. The Innovation Zone also is the meeting space for the GCEDC and the GGLDC Board of Directors.

**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. Repayments from these loans remain in the GGLDC and are used for future 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 2020 and 2019:

### Changes in Capital Assets between Fiscal Years 2020 and 2019

#### Financial Highlights

	2020	2019	Increase / (Decrease)
Furniture & Equipment	\$ 46,599	\$ 43,600	\$ 2,999
Building and Improvements	\$ 7,202,120	\$ 7,202,120	\$ -
Less Accumulated Depreciation	\$ 1,956,649	\$ 1,760,244	\$ 196,405
Net Capital Assets	\$ 5,292,070	\$ 5,485,476	\$ (193,406)
Land Held for Development & Sale	\$ 5,949,048	\$ 6,611,365	\$ (662,317)

#### 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, 2020

**ASSETS:**

**Current assets:**

Cash and cash equivalents	\$	3,709,753
Accounts receivable		8,290
Grants receivable		30,406
Prepaid items		872
Loans receivable - current portion		318,166
Total current assets		<u>4,067,487</u>

**Noncurrent assets:**

Loans receivable - noncurrent portion (net of \$202,125 allowance for bad debts)		882,490
Land held for development & sale		5,949,048
Capital assets, net		5,292,070
Total noncurrent assets		<u>12,123,608</u>

Total assets 16,191,095

**LIABILITIES:**

**Current liabilities:**

Accounts payable		47,314
Security deposits payable		109,944
Unearned revenue		39,255
Bond payable - current portion		144,871
Loan payable - current portion		79,875
Total current liabilities		<u>421,259</u>

**Noncurrent liabilities:**

Bond payable - noncurrent portion		2,682,494
Loan payable - noncurrent portion		2,261,585
Total noncurrent liabilities		<u>4,944,079</u>

Total liabilities 5,365,338

**NET POSITION:**

Net investment in capital assets		123,245
Restricted		402,878
Unrestricted		<u>10,299,634</u>

Total net position \$ 10,825,757

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See accompanying notes.

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

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

**Year Ended December 31, 2020**

**OPERATING REVENUES:**

Fees	\$	10,400
Grant income		425,175
Interest income on loans		24,018
Rent		715,353
Other income		94,752
Gain on sale of land held for development & sale		759,068
Total operating revenues		<u>2,028,766</u>

**OPERATING EXPENSES:**

Brokerage fees		380
Depreciation		196,405
Fees & permits		74
Grant expense		300,000
Insurance		23,697
Miscellaneous		14,303
Professional fees		142,978
Site maintenance		159,093
Site development		529,523
Special district fees		20,934
Supplies		1,045
Telecommunications		952
Utilities		14,431
Total operating expenses		<u>1,403,815</u>

Operating income 624,951

**NONOPERATING REVENUES (EXPENSES):**

Interest expense	(224,253)
Other interest income	10,959
Total nonoperating expenses	<u>(213,294)</u>

Change in net position 411,657

Net position - beginning 10,414,100

Net position - ending \$ 10,825,757

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See accompanying notes.

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2020**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Fees	\$	10,400
Grant income		397,450
Interest income on loans		21,324
Miscellaneous income		89,279
Rental income		711,449
Issuance/repayments of loans (net)		5,663
Cost of sales/closing costs		1,428,405
Fees & permits		(74)
Grant expense		(300,000)
Insurance		(23,697)
Miscellaneous expense		(14,234)
Professional fees		(156,489)
Site development		(525,640)
Site maintenance		(122,666)
Special district fees		(20,934)
Supplies		(1,045)
Telecommunications		(979)
Utilities		(15,060)
Purchase/improvements of land held for development & sale		(7,020)
Security deposit collected		1,264
Net cash provided by operating activities		<u>1,477,396</u>

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**CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:**

Principal payments on bonds & loans		(214,926)
Interest paid on bonds & loans		(224,253)
Purchase/improvements of capital assets		<u>(2,999)</u>
Net cash used by capital & related financing activities		<u>(442,178)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest income		<u>10,959</u>
Net cash provided by investing activities		<u>10,959</u>

**Net increase in cash and cash equivalents**

1,046,177

Cash and cash equivalents - beginning of year

2,663,576

Cash and cash equivalents - end of year

\$ 3,709,753

See accompanying notes.

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2020**

**(Continued)**

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

Operating income	\$	624,951
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		196,405
(Increase) in accounts receivable		(8,221)
(Increase) in grants receivable		(25,760)
Decrease in loans receivable		5,663
Decrease in land held for development & sale		662,317
Increase in accounts payable		27,179
Increase in security deposits		1,264
(Decrease) in unearned revenue		(6,402)
Total adjustments		<u>852,445</u>
Net cash provided by operating activities, page 11	\$	<u><u>1,477,396</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 (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the GGLDC's accounting policies are described below.

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

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

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

The financial reporting entity consists of (a) the primary entity which is the 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. 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 Genesee County Industrial Development Agency D/B/A Genesee County Economic Development Center (the GCEDC) in accordance with U.S. GAAP.

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

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

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

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

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

## GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 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. 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.

#### J. 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.

# GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### K. 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

### L. 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 and short-term investments with original maturities of three months or less from the date of acquisition.

### M. ACCOUNTING PRONOUNCEMENTS

On May 8, 2020, the GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* in response to the COVID-19 pandemic. The effective dates of GASB Statements not yet implemented by the GGLDC have been updated below to reflect the impact of this Statement. There were no new GASB Statements implemented by the GGLDC for the year ended December 31, 2020.

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

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2022.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2021.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2022.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending December 31, 2021, except for paragraph 11b, which will be effective for the year ending December 31, 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending December 31, 2022.

# GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### N. 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. 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.

#### 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.

As of December 31, 2020, cash balances of \$1,444,905 in the GAB,LLC were not fully collateralized or covered by FDIC insurance.

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**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, 2020:

	<b><u>Operating Fund Terms</u></b>	<b><u>Current</u></b>	<b><u>Noncurrent</u></b>
First Wave Technologies	Interest only through January 2015, thereafter monthly payments for 6 years at 5.25% interest, maturing April 2021.	\$ 37,967	\$ -
HP Hood, LLC	Annual payments for 5 years at 0% interest, maturing March 2024.	100,000	300,000
Freightliner & Western Star of Batavia, LLC	Monthly payments for 5 years at 2% interest, maturing July 2024.	40,698	118,791
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 5 years at 2.25% interest, maturing May 2020. The GGLDC is currently working on collecting this loan.	10,297	-
Frank the Brush, Inc.*	Monthly payments for 4 years at 4.75% interest, maturing April 2021.	1,471	-
Northwoods Alpacas*	Monthly payments for 5 years at 5.25% interest, maturing September 2022.	2,302	1,672
Philly's Barber Shop*	Monthly payments for 5 years at 3.5% interest, maturing September 2021.	2,905	-
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	-
Subtotal – Operating Fund		<u>204,900</u>	<u>644,963</u>
	<b><u>Economic Development Loan Fund</u></b>	<b><u>Current</u></b>	<b><u>Noncurrent</u></b>
Liberti, Valvo & Associates, LLC (#1)	Monthly payments for 7 years at 3.4% interest, maturing July 2024.	8,997	19,849
R&R Float Center	Monthly payments for 10 years at 4.2% interest, maturing August 2029.	8,743	80,938
Yancey's Fancy, Inc.	Monthly payments for 5 years at 3% interest, maturing February 2024.	63,737	144,826
Liberti, Valvo & Associates, LLC (#2)	Monthly payments for 10 years at 3.25% interest, maturing July 2030.	10,857	87,728
Subtotal – Economic Development Loan Fund		<u>92,334</u>	<u>333,341</u>

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

		<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.		15,469	106,311
Kego Enterprises, LLC	Payments of interest only for 6 months, thereafter monthly payments for 10 years at 3.25% interest, maturing November 2030.		<u>5,463</u>	-
Subtotal – Batavia Micropolitan Area Redevelopment Loan Fund			<u>20,932</u>	<u>106,311</u>
Total Loans Receivable			<u>\$ 318,166</u>	\$
			<u>1,084,615</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 \$202,125, which is considered by management to be sufficient for any losses.

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the GGLDC for the year ended December 31, 2020 was as follows:

	<u>Balance 01/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>
Capital assets being depreciated				
Building and improvements	\$ 7,202,120	\$ -	\$ -	\$ 7,202,120
Furniture and equipment	<u>43,600</u>	<u>2,999</u>	-	<u>46,599</u>
Total capital assets being depreciated	<u>7,245,720</u>	<u>2,999</u>	-	<u>7,248,719</u>
Less accumulated depreciation:				
Building and improvements	1,730,427	192,142	-	1,922,569
Furniture and equipment	<u>29,817</u>	<u>4,263</u>	-	<u>34,080</u>
Total accumulated depreciation	<u>1,760,244</u>	<u>196,405</u>	-	<u>1,956,649</u>
Total capital assets being depreciated, net	<u>\$ 5,485,476</u>	<u>\$ (193,406)</u>	\$ -	<u>\$ 5,292,070</u>

**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

Land held for development and sale activity for the year ended December 31, 2020 was as follows:

	<u>Balance</u> <u>01/01/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>
Land held for development and sale:				
GGLDC	\$ 3,489,854	\$ 7,020	\$ -	\$ 3,496,874
GAB, LLC	<u>3,121,511</u>	<u>-</u>	<u>(669,337)</u>	<u>2,452,174</u>
Total land held for development and sale	<u>\$ 6,611,365</u>	<u>\$ 7,020</u>	<u>\$ (669,337)</u>	<u>\$ 5,949,048</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, 2020, rent received in advance totaled \$38,959.

Interest received in advance related to loans receivable totaled \$296 at December, 31, 2020.

**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, 2020, there was a zero balance drawn against the line of credit.

**NOTE 8. LOANS PAYABLE**

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

The loan payable to the United States Department of Agriculture, with an original amount of \$3,000,000, is due in monthly installments of \$14,340 with an interest rate of 4%, maturing September 2040, or until paid in full. At December 31, 2020, there was a balance of \$2,341,460.

**GENESSEE 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>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 79,875	\$ 92,205
2022	83,130	88,950
2023	86,516	85,564
2024	90,041	82,039
2025	93,710	78,370
2026-2030	529,024	331,376
2031-2035	645,936	214,463
2036-2040	<u>733,228</u>	<u>71,980</u>
Total	<u>\$ 2,341,460</u>	<u>\$ 1,044,947</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</u>
MedTech Centre – Taxable	09/10	\$1,078,095	3.16%	09/35	\$ 822,255
MedTech Centre – Tax Exempt	09/10	\$2,821,905	2.52%	09/35	<u>2,005,110</u>
					<u>\$ 2,827,365</u>

	<u>Principal</u>	<u>Interest</u>
2021	\$ 144,871	\$ 70,122
2022	162,968	71,570
2023	167,488	67,050
2024	171,956	62,582
2025	176,907	57,632
2026-2030	960,885	211,806
2031-2035	<u>1,042,290</u>	<u>70,659</u>
Total	<u>\$ 2,827,365</u>	<u>\$ 611,421</u>

\*In September 2020, interest rates on both bonds were adjusted.

**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 space. As of January 2020, the monthly rent rate was \$1,520. At December 31, 2020, the GGLDC held a \$2,832 security deposit from the GCEDC as required by the lease agreement.



# GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The GCEDC is a co-borrower on a \$3,000,000 loan to the GGLDC from the United States Department of Agriculture received on September 3, 2010. The loan has an interest rate of 4% and a term of 30 years. There was an outstanding balance of \$2,341,460 at December 31, 2020.

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, 2020, 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 2020. Payments of \$93,000 will be received annually from 2021 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, 2020 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>

### NOTE 13 - CONTINGENCIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. This event is not expected to have a structural impact on the GGLDC. This may result in a reduction of business development projects in the short-term. The GGLDC will be further assessing small business relief programs from the government to determine the GGLDC's role in helping local businesses when additional information is available.

### NOTE 14 – SUBSEQUENT EVENTS

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

**SUPPLEMENTARY INFORMATION**

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GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION  
 CONSOLIDATING STATEMENT OF NET POSITION  
 December 31, 2020

	Genesee Gateway Local Development Corporation	Genesee Agri- Business LLC	Eliminations	Total
<b>ASSETS:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 2,014,218	\$ 1,695,535	\$ -	\$ 3,709,753
Accounts receivable	8,290	-	-	8,290
Grants receivable	30,406	-	-	30,406
Prepaid items	872	-	-	872
Loans receivable - current portion	318,166	-	-	318,166
Total current assets	<u>2,371,952</u>	<u>1,695,535</u>	<u>-</u>	<u>4,067,487</u>
<b>Noncurrent assets:</b>				
Loans receivable- noncurrent portion (net of \$202,125 allowance for bad debts)	882,490	-	-	882,490
Land held for development & sale	3,496,874	2,452,174	-	5,949,048
Capital assets, net	5,292,070	-	-	5,292,070
Equity investment in GAB, LLC	3,220,240	-	(3,220,240)	-
Total noncurrent assets	<u>12,891,674</u>	<u>2,452,174</u>	<u>(3,220,240)</u>	<u>12,123,608</u>
Total assets	<u>15,263,626</u>	<u>4,147,709</u>	<u>(3,220,240)</u>	<u>16,191,095</u>
<b>LIABILITIES:</b>				
<b>Current liabilities:</b>				
Accounts payable	47,314	-	-	47,314
Security deposits payable	109,944	-	-	109,944
Unearned revenue	39,255	-	-	39,255
Bond payable - current portion	144,871	-	-	144,871
Loan payable - current portion	79,875	-	-	79,875
Total current liabilities	<u>421,259</u>	<u>-</u>	<u>-</u>	<u>421,259</u>
<b>Noncurrent liabilities:</b>				
Bond payable - noncurrent portion	2,682,494	-	-	2,682,494
Loan payable - noncurrent portion	2,261,585	-	-	2,261,585
Total noncurrent liabilities	<u>4,944,079</u>	<u>-</u>	<u>-</u>	<u>4,944,079</u>
Total liabilities	<u>5,365,338</u>	<u>-</u>	<u>-</u>	<u>5,365,338</u>
<b>NET POSITION:</b>				
Net investment in capital assets	123,245	-	-	123,245
Restricted	402,878	-	-	402,878
Unrestricted	9,372,165	4,147,709	(3,220,240)	10,299,634
Total net position	<u>\$ 9,898,288</u>	<u>\$ 4,147,709</u>	<u>\$ (3,220,240)</u>	<u>\$ 10,825,757</u>

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**GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION**

**SUPPLEMENTARY INFORMATION  
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
Year Ended December 31, 2020**

	<b>Genesee Gateway Local Development Corporation</b>	<b>Genesee Agri- Business LLC</b>	<b>Eliminations</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>				
Fees	\$ 5,400	\$ 5,000	\$ -	\$ 10,400
Grant income	425,175	-	-	425,175
Interest income on loans	24,018	-	-	24,018
Rent	701,553	13,800	-	715,353
Other income	94,421	331	-	94,752
Gain on sale of land held for development & sale	-	759,068	-	759,068
Total operating revenues	<u>1,250,567</u>	<u>778,199</u>	<u>-</u>	<u>2,028,766</u>
<b>OPERATING EXPENSES:</b>				
Brokerage fees	380	-	-	380
Depreciation	196,405	-	-	196,405
Fees & permits	40	34	-	74
Grant expense	300,000	-	-	300,000
Insurance	23,697	-	-	23,697
Miscellaneous	14,303	-	-	14,303
Professional fees	138,399	4,579	-	142,978
Site maintenance	159,093	-	-	159,093
Site development	529,523	-	-	529,523
Special district fees	9,598	11,336	-	20,934
Supplies	1,045	-	-	1,045
Telecommunications	952	-	-	952
Utilities	14,431	-	-	14,431
Total operating expenses	<u>1,387,866</u>	<u>15,949</u>	<u>-</u>	<u>1,403,815</u>
Operating income (loss)	<u>(137,299)</u>	<u>762,250</u>	<u>-</u>	<u>624,951</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest expense	(224,253)	-	-	(224,253)
Other interest income	9,842	1,117	-	10,959
Total nonoperating revenues (expenses)	<u>(214,411)</u>	<u>1,117</u>	<u>-</u>	<u>(213,294)</u>
Change in net position	(351,710)	763,367	-	411,657
Net position - beginning	<u>10,249,998</u>	<u>3,384,342</u>	<u>(3,220,240)</u>	<u>10,414,100</u>
Net position - ending	<u>\$ 9,898,288</u>	<u>\$ 4,147,709</u>	<u>\$ (3,220,240)</u>	<u>\$ 10,825,757</u>

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GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION  
 COMBINING STATEMENT OF NET POSITION  
 December 31, 2020

draft

	Operating Fund	Gateway II Fund	Buffalo East Fund	Ag Park Fund	Med Tech Park Fund	WNY STAMP Fund	Med Tech Centre Fund	Economic Development Loan Fund	Batavia Micropolitan Area Redevelopment Loan Fund	Total
<b>ASSETS:</b>										
<b>Current assets:</b>										
Cash and cash equivalents	\$ 340,667	\$ -	\$ 213,202	\$ -	\$ -	\$ -	\$ 693,519	\$ 360,405	\$ 406,425	\$ 2,014,218
Accounts receivable	183	-	-	-	-	-	6,129	1,978	-	8,290
Grants receivable	30,406	-	-	-	-	-	-	-	-	30,406
Prepaid items	872	-	-	-	-	-	-	-	-	872
Due from (to) other funds	15,897	-	(131,252)	187,103	-	(71,748)	-	-	-	-
Loans receivable - current portion	204,900	-	-	-	-	-	-	92,334	20,932	318,166
Total current assets	<u>592,925</u>	<u>-</u>	<u>81,950</u>	<u>187,103</u>	<u>-</u>	<u>(71,748)</u>	<u>699,648</u>	<u>454,717</u>	<u>427,357</u>	<u>2,371,952</u>
<b>Noncurrent assets:</b>										
Loans receivable - noncurrent portion (net of \$202,125 allowance for bad debts)	442,838	-	-	-	-	-	-	333,341	106,311	882,490
Land held for development & sale	-	1,125,517	1,671,210	4,150	214,166	161,281	320,550	-	-	3,496,874
Furniture & equipment	-	-	-	3,742	-	-	42,857	-	-	46,599
Buildings & improvements	-	-	-	-	-	-	7,202,120	-	-	7,202,120
Less: accumulated depreciation	-	-	-	(1,069)	-	-	(1,955,580)	-	-	(1,956,649)
Equity investment in GAB, LLC	-	-	-	3,220,240	-	-	-	-	-	3,220,240
Total noncurrent assets	<u>442,838</u>	<u>1,125,517</u>	<u>1,671,210</u>	<u>3,227,063</u>	<u>214,166</u>	<u>161,281</u>	<u>5,609,947</u>	<u>333,341</u>	<u>106,311</u>	<u>12,891,674</u>
Total assets	<u>1,035,763</u>	<u>1,125,517</u>	<u>1,753,160</u>	<u>3,414,166</u>	<u>214,166</u>	<u>89,533</u>	<u>6,309,595</u>	<u>788,058</u>	<u>533,668</u>	<u>15,263,626</u>
<b>LIABILITIES:</b>										
<b>Current liabilities:</b>										
Accounts payable	5,893	-	3,883	-	-	-	37,538	-	-	47,314
Security deposits payable	-	-	-	-	-	-	109,944	-	-	109,944
Unearned revenue	272	-	-	-	-	-	38,959	-	24	39,255
Bond payable - current portion	-	-	-	-	-	-	144,871	-	-	144,871
Loan payable - current portion	-	-	-	-	-	-	79,875	-	-	79,875
Total current liabilities	<u>6,165</u>	<u>-</u>	<u>3,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,187</u>	<u>-</u>	<u>24</u>	<u>421,259</u>
<b>Noncurrent Liabilities</b>										
Bond payable - noncurrent portion	-	-	-	-	-	-	2,682,494	-	-	2,682,494
Loan payable - noncurrent portion	-	-	-	-	-	-	2,261,585	-	-	2,261,585
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,944,079</u>	<u>-</u>	<u>-</u>	<u>4,944,079</u>
Total liabilities	<u>6,165</u>	<u>-</u>	<u>3,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,355,266</u>	<u>-</u>	<u>24</u>	<u>5,365,338</u>
<b>NET POSITION:</b>										
Net investment in capital assets	-	-	-	2,673	-	-	120,572	-	-	123,245
Restricted	-	-	213,202	-	-	-	189,676	-	-	402,878
Unrestricted	1,029,598	1,125,517	1,536,075	3,411,493	214,166	89,533	644,081	788,058	533,644	9,372,165
Total net position	<u>\$ 1,029,598</u>	<u>\$ 1,125,517</u>	<u>\$ 1,749,277</u>	<u>\$ 3,414,166</u>	<u>\$ 214,166</u>	<u>\$ 89,533</u>	<u>\$ 954,329</u>	<u>\$ 788,058</u>	<u>\$ 533,644</u>	<u>\$ 9,898,288</u>

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 Year Ended December 31, 2020

draft

	Operating Fund	Gateway II Fund	Buffalo East Fund	Ag Park Fund	Med Tech Park Fund	WNY STAMP Fund	Med Tech Centre Fund	Economic Development Loan Fund	Batavia Micropolitan Area Redevelopment Loan Fund	Total
<b>OPERATING REVENUES:</b>										
Fees	\$ 4,900	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,400
Grant income	332,175	-	93,000	-	-	-	-	-	-	425,175
Interest income on loans	7,595	-	-	-	-	-	-	11,551	4,872	24,018
Rent	-	2,226	-	4,012	420	-	694,895	-	-	701,553
Other income	-	-	-	-	-	-	94,421	-	-	94,421
Total operating revenues	<u>344,670</u>	<u>2,226</u>	<u>93,500</u>	<u>4,012</u>	<u>420</u>	<u>-</u>	<u>789,316</u>	<u>11,551</u>	<u>4,872</u>	<u>1,250,567</u>
<b>OPERATING EXPENSES:</b>										
Brokerage fees	-	-	-	-	-	-	380	-	-	380
Depreciation	-	-	-	534	-	-	195,871	-	-	196,405
Fees & permits	-	-	-	-	-	-	40	-	-	40
Grant expense	300,000	-	-	-	-	-	-	-	-	300,000
Insurance	5,232	622	711	1,764	-	158	15,210	-	-	23,697
Miscellaneous	14,303	-	-	-	-	-	-	-	-	14,303
Professional fees	50,058	-	5,748	-	1,960	-	80,633	-	-	138,399
Site maintenance	-	3,035	1,200	5,389	2,827	-	146,642	-	-	159,093
Site development	-	-	529,523	-	-	-	-	-	-	529,523
Special district fees	-	552	1,268	-	817	167	6,794	-	-	9,598
Supplies	-	-	-	-	-	-	1,045	-	-	1,045
Telecommunications	-	-	-	-	-	-	952	-	-	952
Utilities	-	-	-	-	-	-	14,431	-	-	14,431
Total operating expenses	<u>369,593</u>	<u>4,209</u>	<u>538,450</u>	<u>7,687</u>	<u>5,604</u>	<u>325</u>	<u>461,998</u>	<u>-</u>	<u>-</u>	<u>1,387,866</u>
Operating income (loss)	(24,923)	(1,983)	(444,950)	(3,675)	(5,184)	(325)	327,318	11,551	4,872	(137,299)
<b>NONOPERATING REVENUES (EXPENSES):</b>										
Interfund revenues	4,932	4,209	12,426	7,254	10,752	325	-	-	-	39,898
Interfund expenses	(34,966)	-	(500)	(4,012)	(420)	-	-	-	-	(39,898)
Interest expense	-	-	-	-	-	-	(224,253)	-	-	(224,253)
Other interest income	1,813	-	2,040	-	-	-	3,017	1,533	1,439	9,842
Total nonoperating revenues (expenses)	<u>(28,221)</u>	<u>4,209</u>	<u>13,966</u>	<u>3,242</u>	<u>10,332</u>	<u>325</u>	<u>(221,236)</u>	<u>1,533</u>	<u>1,439</u>	<u>(214,411)</u>
Change in net position	(53,144)	2,226	(430,984)	(433)	5,148	-	106,082	13,084	6,311	(351,710)
Net position - beginning	1,082,742	1,123,291	2,180,261	3,414,599	209,018	89,533	848,247	774,974	527,333	10,249,998
Net position - ending	<u>\$ 1,029,598</u>	<u>\$ 1,125,517</u>	<u>\$ 1,749,277</u>	<u>\$ 3,414,166</u>	<u>\$ 214,166</u>	<u>\$ 89,533</u>	<u>\$ 954,329</u>	<u>\$ 788,058</u>	<u>\$ 533,644</u>	<u>\$ 9,898,288</u>

**INTERNAL CONTROL AND COMPLIANCE**

DRAFT

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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, 2020, 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 , 2021.

**Internal Control over Financial Reporting**

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

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

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



## Compliance and Other Matters

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

## Purpose of this Report

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

Mistert, Manzanero & Scott, LLP

Oneonta, New York  
March , 2021

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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, 2020. 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, 2020.

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 , 2021

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