

**AUDITED
CONSOLIDATED FINANCIAL STATEMENTS**

BATAVIA DEVELOPMENT CORPORATION

MARCH 31, 2021

BATAVIA DEVELOPMENT CORPORATION
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Batavia Development Corporation
Batavia, New York

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Batavia Development Corporation (the Corporation) and its wholly owned subsidiary and Creek Park Batavia LLC (CPL) as of and for the years ended March 31, 2021 and 2020, and the related notes to the consolidated financial statements, which collectively comprise the Corporation'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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the 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 Corporation'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 financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Corporation, as of March 31, 2021 and 2020, and the respective changes in consolidated financial position and its cash flows thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the consolidated financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational economic, or historical context. Our opinion on the consolidated financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Corporation'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 financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the 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 June 24, 2021 on our consideration of the Corporation'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 the Corporation'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 the Corporation's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Batavia, New York
June 24, 2021

FINANCIAL STATEMENTS

BATAVIA DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF NET POSITION
MARCH 31,

	<u>2021</u>	<u>2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 127,028	\$ 95,670
Receivables	125,750	131,288
Total assets	<u>\$ 252,778</u>	<u>\$ 226,958</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 30,969	\$ 30,940
Accrued liabilities	1,778	3,449
Unearned revenue	20,000	20,000
Total current liabilities	<u>52,747</u>	<u>54,389</u>
Net Position		
Unrestricted	<u>200,031</u>	<u>172,569</u>
Total net position	<u>200,031</u>	<u>172,569</u>
Total liabilities and net position	<u>\$ 252,778</u>	<u>\$ 226,958</u>

See notes to accompanying financial statements.

BATAVIA DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED MARCH 31,

	<u>2021</u>	<u>2020</u>
Operating revenues		
City of Batavia	\$ 110,000	\$ 110,000
Commitment fees	-	4,000
Miscellaneous	9,769	964
Total operating revenues	<u>119,769</u>	<u>114,964</u>
Operating expenses		
Salary and benefits	70,801	57,388
Insurance	5,834	4,547
Office expenses	752	7
Travel and training	-	974
Marketing and public relations	1,046	3,547
Professional services	13,874	28,673
Total operating expenses	<u>92,307</u>	<u>95,136</u>
Operating income	27,462	19,828
Non-operating revenues (expenses)		
Grant pass-through revenues	-	36,637
Grant pass-through expenses	-	(36,637)
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>
Change in net position	27,462	19,828
Net position - beginning	<u>172,569</u>	<u>152,741</u>
Net position - ending	<u>\$ 200,031</u>	<u>\$ 172,569</u>

See notes to accompanying financial statements.

**BATAVIA DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31,**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Cash received from governmental agencies	\$ 110,000	\$ 110,000
Payments of service providers and suppliers	(13,823)	(19,195)
Payments for employee services	(72,472)	(57,203)
Other operating revenues	9,769	4,964
Net cash provided by operating activities	<u>33,474</u>	<u>38,566</u>
Cash flows from noncapital financing activities		
Proceeds from pass-through grants	-	20,000
Payments of pass-through grants	(2,116)	(47,743)
Net cash used by noncapital financing activities	<u>(2,116)</u>	<u>(27,743)</u>
Net increase in cash and cash equivalents	31,358	10,823
Cash and cash equivalents - beginning of year	<u>95,670</u>	<u>84,847</u>
Cash and cash equivalents - end of year	<u>\$ 127,028</u>	<u>\$ 95,670</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 27,462	\$ 19,828
Adjustments to reconcile operating income to net cash provided by operating activities:		
Decrease in receivables	5,538	-
Increase in accounts payable	2,145	18,553
Increase (decrease) in accrued liabilities	(1,671)	185
Net cash provided by operating activities	<u>\$ 33,474</u>	<u>\$ 38,566</u>

See notes to accompanying financial statements.

BATAVIA DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Batavia Development Corporation (the Corporation) 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.

A. REPORTING ENTITY

The Corporation was formed under the Not-for-Profit Corporation Law of the State of New York for the purpose of creating employment opportunities, thereby improving the quality and condition of life in the City of Batavia, New York (the City). This is accomplished by encouraging and affecting the retention of existing business and industry, as well as encouraging the location and expansion of residential, commercial, industrial, and manufacturing facilities in the City. The Corporation is subject to the provisions of the New York State Public Authorities Law. As a local authority under this law, the Corporation is required to make certain information available to the public. Creek Park Batavia LLC is included in the reporting entity since it is a sole member of the Corporation.

The financial reporting entity consists of a (a) the primary entity which is the Batavia Development Corporation, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary entity is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14, as amended by GASB Statement No. 39. The decision to include a potential unit in the Corporation's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended by GASB No. 39, including legal standing, fiscal dependency, and financial accountability.

B. BASIS OF PRESENTATION

The Corporation's financial statements consist of three statements that provide information about the Corporation's activities. The first statement is the consolidated statements of net position, which lists all of the Corporation's assets and liabilities with the difference reported as net position. The net position is classified as unrestricted for the years ended March 31, 2021 and 2020. The statements of revenues, expenditures and changes in net position distinguishes operating revenues and expenses from nonoperating items. Revenues from agreements and certain fees are considered operating revenues. Expenses related to operating the Corporation are reported as operating expenses.

C. CONSOLIDATED FINANCIAL STATEMENT PRESENTATION

The consolidated financial statements include the accounts of the Corporation and Creek Park Batavia LLC (CPL). 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 U.S. GAAP.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The consolidated financial statements of the Corporation 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 Corporation 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. INCOME TAXES

The Corporation is a Public Benefit Corporation of the State of New York and is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

BATAVIA DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

F. RECEIVABLES

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

G. UNEARNED REVENUE

Unearned revenue arises when resources are received by the Corporation before it has legal claim to them, such as when grant funds are received prior to the occurrence of qualifying expenditures. In subsequent periods when the Corporation has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. At March 31, 2021 and 2020, the Corporation has \$20,000 in unearned revenues related to grant funding.

H. NET POSITION

Net position is classified into three categories according to external donor restrictions or availability of assets for satisfaction of the Corporation's obligations. The Corporation's net position is classified as follows:

- a. *Net Investment in Capital Assets:* This represents the Corporation's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. The Corporation did not have any net position in this category at March 31, 2021 and 2020.
- b. *Restricted Net Position:* This includes assets in which the Corporation is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. The Corporation did not have any restricted net position as of March 31, 2021 and 2020.
- c. *Unrestricted Net Position:* Unrestricted net position represent resources derived from operating revenue. These resources are used for transactions relating to the general operations of the Corporation and may be used at the discretion of the Board of Directors to meet current expenses for any purpose.

I. USE OF ESTIMATES IN PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The preparation of consolidated financial statements in conformity 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 and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. STATEMENT OF CASH FLOWS

For the purpose of the consolidated statement of cash flows, the Corporation considers all cash and cash equivalents to be unrestricted including demand accounts and certificates of deposit with an original maturity of three months or less.

K. 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 Corporation have been updated below to reflect the impact of this Statement. There were no new GASB Statements implemented by the Corporation for the year ended March 31, 2021.

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

- Statement No. 87, *Leases*, which will be effective for the year ending March 31, 2023.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending March 31, 2022.

BATAVIA DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending March 31, 2023.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending March 31, 2023.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending March 31, 2023.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending March 31, 2024.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending March 31, 2024.
- 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 March 31, 2023.

NOTE 2. DETAIL NOTES ON ALL ACTIVITIES

A. CASH AND INVESTMENTS

Collateral is required for demand and time deposits and certificates of deposit 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 municipalities and school districts.

Investment and Deposit Policy

The Corporation currently follows an investment and deposit policy as directed by State statutes, 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 Board of Directors.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Corporation'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 Corporation'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 Corporation's investment and deposit policy authorizes it 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 New York State 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. All deposits of the Corporation 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 102% of the aggregate amount of deposits. The Corporation 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 organizations.

BATAVIA DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. RECEIVABLES

Significant revenues accrued by the Corporation include the following at March 31:

	<u>2021</u>	<u>2020</u>
<u>Accounts receivable:</u>		
Ellicott Station Development LLC/Savarino Co.-sale of Ellicott Station LLC	\$ 81,429	\$ 81,429
<u>Grants receivable:</u>		
Downtown Revitalization Initiative Building Improvement Fund	44,321	49,859
Total receivables	<u>\$ 125,750</u>	<u>\$ 131,288</u>

NOTE 4. REVENUES AND CONCENTRATIONS

The Corporation receives support and revenue primarily from the City. Support and revenue are recognized as services are performed. The Corporation recognized \$110,000 of revenue from the City of Batavia, for the years ended March 31, 2021 and 2020.

NOTE 5. PASS-THROUGH GRANTS

During the year ended March 31, 2021 and 2020, the Corporation coordinated a reimbursable pass through grant agreement with the NYS Office of Community Renewal. The grant is classified as Corporation non-operating revenues and expenses. The grant revenues and expenses consisted of the following for the years ended March 31:

	<u>2021</u>	<u>2020</u>
Downtown Revitalization Initiative Grant	\$ -	\$ 36,637
Total grant revenues/expenses	<u>\$ -</u>	<u>\$ 36,637</u>

NOTE 6. 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. The Corporation’s management has assessed these events and the impact of these restrictions and closures related to the Corporation’s operations. As of the date of these financial statements and as these events continue to unfold management believes there will be an impact related to charges for services, rental revenues, financing income and/or other classifications of revenues, that the Corporation will receive in the 2022 fiscal year. Management has assessed the financial condition and the potential impact on revenues and has determined that the Corporation has assets and fund balances to absorb this potential decrease in revenues for the 2022 fiscal year.

NOTE 7. SUBSEQUENT EVENTS

In April 2021, the Corporation was awarded New York Main Street Grant in the amount of \$417,000 use with the Theater 56 project.

Management has evaluated subsequent events through June 24, 2021 which is the date the consolidated financial statements are available for issuance, and have determined there are no subsequent events, other than the event noted above, that require disclosure under generally accepted accounting principles.

SUPPLEMENTARY INFORMATION

BATAVIA DEVELOPMENT CORPORATION
CONSOLIDATING STATEMENT OF NET POSITION
MARCH 31, 2021

	<u>Batavia Development Corporation</u>	<u>Creek Park Batavia LLC</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 109,700	\$ 17,328	\$ -	\$ 127,028
Receivables	125,750	-	-	125,750
Due from other funds	17,228	-	(17,228) (1)	-
Total assets	<u>\$ 252,678</u>	<u>\$ 17,328</u>	<u>\$ (17,228)</u>	<u>\$ 252,778</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 30,969	\$ -	\$ -	\$ 30,969
Accrued liabilities	1,778	-	-	1,778
Unearned revenue	20,000	-	-	20,000
Due to other funds	-	17,228	(17,228) (1)	-
Total liabilities	<u>52,747</u>	<u>17,228</u>	<u>(17,228)</u>	<u>52,747</u>
Net Position				
Unrestricted	<u>199,931</u>	<u>100</u>	<u>-</u>	<u>200,031</u>
Total net position	<u>199,931</u>	<u>100</u>	<u>-</u>	<u>200,031</u>
Total liabilities and net position	<u>\$ 252,678</u>	<u>\$ 17,328</u>	<u>\$ (17,228)</u>	<u>\$ 252,778</u>

(1) This represents a loan from the BDC to the CPL

BATAVIA DEVELOPMENT CORPORATION
CONSOLIDATING STATEMENT OF NET POSITION
MARCH 31, 2020

	<u>Batavia Development Corporation</u>	<u>Creek Park Batavia LLC</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 78,342	\$ 17,328	\$ -	\$ 95,670
Receivables	131,288	-	-	131,288
Due from other funds	17,228	-	(17,228) (1)	-
Total assets	<u>\$ 226,858</u>	<u>\$ 17,328</u>	<u>\$ (17,228)</u>	<u>\$ 226,958</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 30,940	\$ -	\$ -	\$ 30,940
Accrued liabilities	3,449	-	-	3,449
Unearned revenue	20,000	-	-	20,000
Due to other funds	-	17,228	(17,228) (1)	-
Total liabilities	<u>54,389</u>	<u>17,228</u>	<u>(17,228)</u>	<u>54,389</u>
Net Position				
Unrestricted	<u>172,469</u>	<u>100</u>	<u>-</u>	<u>172,569</u>
Total net position	<u>172,469</u>	<u>100</u>	<u>-</u>	<u>172,569</u>
Total liabilities and net position	<u>\$ 226,858</u>	<u>\$ 17,328</u>	<u>\$ (17,228)</u>	<u>\$ 226,958</u>

(1) This represents a loan from the BDC to the CPL

**BATAVIA DEVELOPMENT CORPORATION
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2021**

	<u>Batavia Development Corporation</u>	<u>Creek Park Batavia LLC</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenues				
City of Batavia	\$ 110,000	\$ -	\$ -	\$ 110,000
Miscellaneous	9,769	-	-	9,769
Total operating revenue	<u>119,769</u>	<u>-</u>	<u>-</u>	<u>119,769</u>
Operating expenses				
Salary and benefits	70,801	-	-	70,801
Insurance	5,834	-	-	5,834
Office expenses	752	-	-	752
Marketing and public relations	1,046	-	-	1,046
Professional services	13,874	-	-	13,874
Total operating expenses	<u>92,307</u>	<u>-</u>	<u>-</u>	<u>92,307</u>
Operating income	27,462	-	-	27,462
Net position - beginning	<u>172,469</u>	<u>100</u>	<u>-</u>	<u>172,569</u>
Net position - ending	<u>\$ 199,931</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 200,031</u>

**BATAVIA DEVELOPMENT CORPORATION
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2020**

	Batavia Development Corporation	Creek Park Batavia LLC	Eliminations	Total
Operating revenues				
City of Batavia	\$ 110,000	\$ -	\$ -	\$ 110,000
Commitment fees	4,000	-	-	4,000
Miscellaneous	964	-	-	964
Total operating revenue	<u>114,964</u>	<u>-</u>	<u>-</u>	<u>114,964</u>
Operating expenses				
Salary and benefits	57,388	-	-	57,388
Insurance	4,547	-	-	4,547
Office expenses	7	-	-	7
Travel and training	974	-	-	974
Marketing and public relations	3,547	-	-	3,547
Professional services	28,673	-	-	28,673
Total operating expenses	<u>95,136</u>	<u>-</u>	<u>-</u>	<u>95,136</u>
Operating income	19,828	-	-	19,828
Non-operating revenues (expenses)				
Grant pass-through revenues	36,637	-	-	36,637
Grant pass-through expenses	(36,637)	-	-	(36,637)
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	19,828	-	-	19,828
Net position - beginning	<u>152,641</u>	<u>100</u>	<u>-</u>	<u>152,741</u>
Net position - ending	<u>\$ 172,469</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 172,569</u>

**BATAVIA DEVELOPMENT CORPORATION
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021**

	Batavia Development Corporation	Creek Park Batavia LLC	Eliminations	Total
Cash flows from operating activities				
Cash received from governmental agencies	\$ 110,000	\$ -	\$ -	\$ 110,000
Payments of service providers and suppliers	(13,823)	-	-	(13,823)
Payments for employee services	(72,472)	-	-	(72,472)
Other operating revenue	9,769	-	-	9,769
Net cash provided by operating activities	<u>33,474</u>	<u>-</u>	<u>-</u>	<u>33,474</u>
Cash flows from noncapital financing activities				
Payments of pass-through grants	(2,116)	-	-	(2,116)
Net cash used by noncapital financing activities	<u>(2,116)</u>	<u>-</u>	<u>-</u>	<u>(2,116)</u>
Net increase in cash and cash equivalents	31,358	-	-	31,358
Cash and cash equivalents - beginning of year	<u>78,342</u>	<u>17,328</u>	<u>-</u>	<u>95,670</u>
Cash and cash equivalents - end of year	<u>\$ 109,700</u>	<u>\$ 17,328</u>	<u>\$ -</u>	<u>\$ 127,028</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 27,462	\$ -	\$ -	\$ 27,462
Adjustments to reconcile operating income to net cash provided by operating activities:				
Decrease in receivables	5,538	-	-	5,538
Increase in accounts payable	2,145	-	-	2,145
(Decrease) in accrued liabilities	(1,671)	-	-	(1,671)
Net cash provided by operating activities	<u>\$ 33,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,474</u>

**BATAVIA DEVELOPMENT CORPORATION
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020**

	Batavia Development Corporation	Creek Park Batavia LLC	Eliminations	Total
Cash flows from operating activities				
Cash received from governmental agencies	\$ 110,000	\$ -	\$ -	\$ 110,000
Payments of service providers and suppliers	(19,195)	-	-	(19,195)
Payments for employee services	(57,203)	-	-	(57,203)
Other operating revenue	4,964	-	-	4,964
Net cash provided by operating activities	38,566	-	-	38,566
Cash flows from noncapital financing activities				
Proceeds from pass-through grants	20,000	-	-	20,000
Payments of pass-through grants	(47,743)	-	-	(47,743)
Net cash used by noncapital financing activities	(27,743)	-	-	(27,743)
Net increase in cash and cash equivalents	10,823	-	-	10,823
Cash and cash equivalents - beginning of year	67,519	17,328	-	84,847
Cash and cash equivalents - end of year	\$ 78,342	\$ 17,328	\$ -	\$ 95,670
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 19,828	\$ -	\$ -	\$ 19,828
Adjustments to reconcile operating income to net cash provided by operating activities:				
Increase in accounts payable	18,553	-	-	18,553
Increase in accrued liabilities	185	-	-	185
Net cash provided by operating activities	\$ 38,566	\$ -	\$ -	\$ 38,566

INTERNAL CONTROL AND COMPLIANCE



**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**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Batavia Development Corporation
Batavia, New York

We have audited, 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, the consolidated financial statements of the Batavia Development Corporation (the Corporation), and its wholly owned subsidiary, Creek Park Batavia, LLC (CPL) as of and for the year ended March 31, 2021, and the related notes to the consolidated financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated June 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation's 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Freed Maxick CPAs, P.C.

Batavia, New York
June 24, 2021

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of the
Batavia Development Corporation
Batavia, New York

We have examined Batavia Development Corporation's (the Corporation) 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") during the period April 1, 2020, to March 31, 2021. Management of the Corporation is responsible for the Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the Corporation'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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Corporation 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 on the Corporation's compliance with specified requirements.

In our opinion, the Corporation complied, in all material respects, with the Investment Guidelines during the period April 1, 2020 to March 31, 2021.

This report is intended solely for the information and use of the Board of Directors, management and others within the Corporation 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.

Freed Maxick CPAs, P.C.

Batavia, New York
June 24, 2021