

BATAVIA DEVELOPMENT CORPORATION

*Consolidated Financial Statements,
Required Supplementary Information and
Supplementary Information for the
Years Ended March 31, 2023 and 2022
and Independent Auditors' Reports*

BATAVIA DEVELOPMENT CORPORATION
Table of Contents
Years Ended March 31, 2023 and 2022

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Consolidated Financial Statements:	
Consolidated Statements of Net Position.....	7
Consolidated Statements of Revenues, Expenses and Changes in Net Position	8
Consolidated Statements of Cash Flows.....	9
Notes to the Consolidated Financial Statements.....	10
Supplementary Information:	
Consolidating Statement of Net Position—March 31, 2023	13
Consolidating Statement of Net Position—March 31, 2022	14
Consolidating Statement of Revenues, Expenses and Changes in Net Position—Year Ended March 31, 2023	15
Consolidating Statement of Revenues, Expenses and Changes in Net Position—Year Ended March 31, 2022	16
Consolidating Statements of Cash Flows—Year Ended March 31, 2023	17
Consolidating Statements of Cash Flows—Year Ended March 31, 2022	18
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19

DRESCHER & MALECKI LLP

2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Batavia Development Corporation

Report on the Audit of the Consolidated Financial Statements

Opinions

We have audited the consolidated financial statements of the Batavia Development Corporation and its wholly owned subsidiary Creek Park LLC (collectively referred to as the "Corporation"), as of March 31, 2023, and the related notes to the consolidated financial statements, which collectively comprise the Corporation's consolidated financial statements as listed in the table of contents.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of March 31, 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the consolidated financial statements. Such information is the responsibility of management and, although not a part of the consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or 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 consolidated financial statements, and other knowledge we obtained during our audit of the consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was 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 consolidated 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 June 28, 2023 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 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.

Drescher + Malecki LLP

June 28, 2023

BATAVIA DEVELOPMENT CORPORATION

Management's Discussion and Analysis Years Ended March 31, 2023 and 2022

As management of the Batavia Development Corporation and its wholly owned subsidiary Creek Park LLC (collectively referred to as the "Corporation"), we offer readers of the Corporation's consolidated financial statements this narrative overview and analysis of the financial activities of the Corporation for the years ended March 31, 2023 and 2022. This document should be read in conjunction with additional information that we have furnished in the Corporation's financial statements which follow this narrative.

Financial Highlights

- The assets of the Corporation exceeded liabilities at March 31, 2023 and 2022 by \$179,191 and \$190,946, respectively. These amounts are considered *unrestricted net position* and may be used to fund the Corporation's ongoing operations.
- The Corporation's net position decreased by \$11,755 and \$9,085 during the years ended March 31, 2023 and 2022, respectively.

Overview of the Consolidated Financial Statements

This discussion and analysis is intended to serve as an introduction to the Corporation's consolidated financial statements. The Corporation's consolidated financial statements comprise of two components: 1) the Corporation's consolidated financial statements and, 2) notes to those financial statements. This report also contains other supplementary information in addition to the consolidated financial statements themselves.

Consolidated financial statements—The consolidated financial statements are prepared using the accrual basis of accounting. The consolidated financial statements include:

The *statements of net position* present information on all of the Corporation's assets, liabilities, and deferred outflows/inflows of resources, with the differences reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The *statements of revenue, expenses, and change in net position* present information showing how the Corporation's net position changed during the most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *statements of cash flows* present the cash provided and used during 2023 and 2022 and how it affects the cash balances at March 31, 2023 and 2022.

The consolidated financial statements can be found on pages 7-9 of this report.

Notes to the Consolidated Financial Statements—The notes provide additional information that is essential to a full understanding of the data provided in the consolidated financial statements. The notes to the consolidated financial statements can be found on pages 10-12 of this report.

The combining statements can be found as Supplementary Information to the financial statements on pages 13-18 of this report.

Financial Analysis

The *statements of net position* and the *statements of revenues, expenses, and changes in net position* can assist in determining whether the Corporation's financial position has improved or deteriorated from the prior year. The *statements of cash flows* provide information about the cash receipts, cash payments, and net change in cash resulting from the operating, investing and capital financing activities of the Corporation during the year. These statements help users assess the Corporation's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing. Condensed financial highlights of these statements are presented below.

Table 1—Condensed Statements of Net Position

	March 31,		
	2023	2022	2021
Assets:			
Current assets	\$ 204,193	\$ 214,541	\$ 252,778
Total assets	<u>204,193</u>	<u>214,541</u>	<u>252,778</u>
Liabilities:			
Current liabilities	<u>25,002</u>	<u>23,595</u>	<u>52,747</u>
Total liabilities	<u>25,002</u>	<u>23,595</u>	<u>52,747</u>
Net position:			
Unrestricted	<u>\$ 179,191</u>	<u>\$ 190,946</u>	<u>\$ 200,031</u>

The largest portion of the Corporation's current assets are cash and cash equivalents. These assets increased in the years ended March 31, 2023 and March 31, 2022 mainly from operating activities.

The largest portion of the Corporation's current liabilities were unearned revenue at March 31, 2023 and March 31, 2022 and accounts payable at March 31, 2021, respectively. The Corporation reports unearned revenue of \$20,000 related to a grant award that has not yet been spent.

Corporation activities—Corporation activities decreased net position by \$11,755 and \$9,085 for the years ended March 31, 2023 and 2022, respectively and increased net position by \$27,462 for the year ended March 31, 2021. Condensed versions of the statements of revenues, expenses, and changes in net position are presented in Table 2 on the following page.

Table 2—Condensed Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended March 31,		
	2023	2022	2021
Operating revenues	\$ 95,000	\$ 126,970	\$ 119,769
Operating expenses	106,755	136,055	92,307
Operating income	(11,755)	(9,085)	27,462
Grant pass-through revenues	210,000	164,800	-
Grant pass-through expenses	(210,000)	(164,800)	-
Non-operating revenues (expenses)	-	-	-
Change in net position	(11,755)	(9,085)	27,462
Net position—beginning	190,946	200,031	172,569
Net position—ending	<u>\$ 179,191</u>	<u>\$ 190,946</u>	<u>\$ 200,031</u>

Operating revenues primarily include annual contributions from the City of Batavia and partner fees. During the year ended March 31, 2023, operating revenues decreased by \$31,970, primarily due to a decrease in partner fee received. During the year ended March 31, 2022, operating revenues increased by \$12,709, primarily due to a partner fee received.

Operating expenses primarily consist of the cost of administration. During the year ended March 31, 2023, operating expenses decreased by \$29,300 primarily due to decreases in salaries and benefits combined with a decrease in processional services related to legal fees. During the year ended March 31, 2022, operating expenses increased by \$49,256 primarily due to legal fees related to an upcoming project.

Cash flows—Corporation cash and cash equivalents increased by \$1,594, \$36,221, and \$31,358 for the years ended March 31, 2023, 2022 and 2021, respectively. Key elements of these changes are presented below in Table 3:

Table 3—Condensed Statements of Cash Flows

	Year Ended March 31,		
	2023	2022	2021
Cash flows provided by/(used for):			
Operating activities	\$ 1,594	\$ 36,221	\$ 33,474
Noncapital financing activities	-	-	(2,116)
Net increase in cash and cash equivalents	1,594	36,221	31,358
Cash and cash equivalents—beginning	163,249	127,028	95,670
Cash and cash equivalents—ending	<u>\$ 164,843</u>	<u>\$ 163,249</u>	<u>\$ 127,028</u>

Capital Assets and Debt

The Corporation does not own any capital assets, nor has it issued any debt instruments.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

CONSOLIDATED
FINANCIAL STATEMENTS

BATAVIA DEVELOPMENT CORPORATION
Consolidated Statements of Net Position
March 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 144,843	\$ 143,249
Restricted cash and cash equivalents	20,000	20,000
Receivables	38,903	51,292
Prepaid items	447	-
Total assets	<u>\$ 204,193</u>	<u>\$ 214,541</u>
LIABILITIES		
Accounts payable	\$ 3,540	\$ 3,595
Accrued liabilities	1,462	-
Unearned revenue	20,000	20,000
Total liabilities	<u>25,002</u>	<u>23,595</u>
NET POSITION		
Unrestricted	<u>179,191</u>	<u>190,946</u>
Total net position	<u>179,191</u>	<u>190,946</u>
Total liabilities and net position	<u>\$ 204,193</u>	<u>\$ 214,541</u>

The notes to the consolidated financial statements are an integral part of these statements.

BATAVIA DEVELOPMENT CORPORATION
Consolidated Statements of Revenues, Expenses and Changes in Net Position
Years Ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues		
City of Batavia	\$ 95,000	\$ 95,000
Miscellaneous	-	31,970
Total operating revenues	<u>95,000</u>	<u>126,970</u>
Operating expenses		
Salary and benefits	62,350	73,992
Insurance	7,364	6,034
Office expenses	1,424	1,871
Travel and training	125	66
Marketing and public relations	222	2,210
Professional services	35,270	51,882
Total operating expenses	<u>106,755</u>	<u>136,055</u>
Operating (loss)	(11,755)	(9,085)
Non-operating revenues (expenses)		
Grant pass-through revenues	210,000	164,800
Grant pass-through expenses	<u>(210,000)</u>	<u>(164,800)</u>
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>
Change in net position	(11,755)	(9,085)
Net position—beginning	<u>190,946</u>	<u>200,031</u>
Net position—ending	<u>\$ 179,191</u>	<u>\$ 190,946</u>

The notes to the consolidated financial statements are an integral part of this statement.

BATAVIA DEVELOPMENT CORPORATION
Consolidated Statements of Cash Flows
Years Ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from governmental agencies	\$ 95,000	\$ 95,000
Payments to service providers and suppliers	(44,460)	(89,437)
Payments for employee services	(61,335)	(75,770)
Receipts from other operating revenues	12,389	106,428
Net cash provided by operating activities	<u>1,594</u>	<u>36,221</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of pass-through grants	210,000	164,800
Payments of pass-through grants	<u>(210,000)</u>	<u>(164,800)</u>
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	1,594	36,221
Cash and cash equivalents (including restricted cash and cash equivalents)—beginning	<u>163,249</u>	<u>127,028</u>
Cash and cash equivalents (including restricted cash and cash equivalents)—ending	<u><u>\$ 164,843</u></u>	<u><u>\$ 163,249</u></u>
Reconciliation of operating (loss) to net cash provided by operating activities		
Operating (loss)	\$ (11,755)	\$ (9,085)
Adjustments to reconcile operating (loss) to net cash provided by operating activities		
Decrease in receivables	12,389	74,458
(Increase) in prepaid items	(447)	-
(Decrease) accounts payable	(55)	(27,374)
Increase (decrease) in accrued liabilities	1,462	(1,778)
Net cash provided by operating activities	<u><u>\$ 1,594</u></u>	<u><u>\$ 36,221</u></u>

The notes to the consolidated financial statements are an integral part of this statement.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

BATAVIA DEVELOPMENT CORPORATION

Notes to the Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Batavia Development Corporation (the “BDC”) was formed under Not-for-Profit Corporation Law of the State of New York on May 22, 1981. The BDC is a not-for-profit Corporation that was formed for the purpose of creating employment opportunities, thereby improving the quality and condition of the life in the City of Batavia, New York (the “City”). BDC is a public benefit organization that is subject to the Public Authority Accountability Act of 2005.

The BDC encourages and affects the retention of existing business and industry, as well as encourages the location and expansion of residential, commercial, industrial, and manufacturing facilities of the City.

Financial Reporting Entity—The consolidated financial statements include the accounts of the BDC and its wholly own subsidiary, Creek Park Batavia, LLC (“Creek Park”). Creek Park was formed in 2018 to negotiate the purchase and economic development of a vacant parcel of land. The BDC is the sole member of Creek Park and therefore, Creek Park is included in the reporting entity of the BDC as a blended component unit. The BDC and Creek are collectively referred to as the Corporation.

Basis of Presentation—The consolidated financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America. The consolidated financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental 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 Corporation’s accounting policies are described below.

Basis of Accounting—The accounts of the Corporation are maintained on the accrual basis of accounting. As such, revenues are recognized in the period in which they are earned and expenses are recognized in the period in the period in which they are incurred.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Cash, Cash Equivalents and Investments—The Corporation’s cash, cash equivalents and investments consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days or less from the date of acquisition. The Corporation had no investments at March 31, 2023 and 2022; however, when the Corporation does have investments they are recorded at fair value in accordance with the Governmental Accounting Standards Board (“GASB”).

Unearned Revenue—Certain revenues have not been the revenue recognition criteria for financial statement purposes. At March 31, 2023 and 2022, the Corporation reported \$20,000 in unearned revenues for resources which have been transmitted to the Corporation before the eligibility requirements have been met.

Revenues and Expenses

Revenues—The Corporation receives support and revenue primarily from the City. Support and revenue are recognized as services are performed. The Corporation recognized \$95,000 of revenue from the City for each the years ended March 31, 2023 and 2022, respectively.

Expenses—Expenses are recorded on the accrual basis of accounting. Operating expenses consist of program expenses incurred in connection with the Corporation’s programs.

Income Taxes—The Corporation is not subject to federal or state income taxes, nor is it required to file federal or state income tax returns, therefore, no provision for income taxes is reflected in the financial statements.

Other

Adoption of New Accounting Pronouncements—During the year ended March 31, 2023, the Corporation implemented GASB Statements GASB Statements No. 87, *Leases*; No. 91, *Conduit Debt Obligations*; and No. 93, *Replacement of Interbank Offered Rates*. The implementation of GASB Statement No. 87 better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 91 improves the comparability of financial reporting for issuers by eliminating the option to recognize a liability for a conduit debt obligation. GASB Statement No. 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB Statement No. 93 addresses those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (“IBOR”). The implementation of GASB Statements No. 87, 91, and 93 did not have a material impact on the Corporation’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Corporation has not completed the process of evaluating the impact that will result from adopting, effective for the year ending March 31, 2023, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*, and No. 99, *Omnibus 2022*, effective for the year ending March 31, 2024, No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, and No. 101, *Compensated Absences*, effective for the year ending March 31, 2025. The Corporation is, therefore, unable to disclose the impact that adopting GASB Statements No. 94, 96, 100 and 101 will have on its financial position and results of operations when such statements are adopted.

2. CASH AND CASH EQUIVALENTS

The Corporation’s investment policies are governed by New York State statutes. There were no investments at March 31, 2023 or 2022. All deposits are carried at fair value. Collateral is required for demand deposits and certificates of deposits for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Cash and cash equivalents of the Corporation at March 31, 2023 and 2022 are shown below:

	2023	2022
Cash on deposit	<u>\$ 164,843</u>	<u>\$ 163,249</u>
Total	<u>\$ 164,843</u>	<u>\$ 163,249</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Corporation’s deposits may not be returned to it. At March 31, 2023 and 2022, the Corporation’s deposits were FDIC insured.

Restricted Cash—The Corporation reports restricted cash of \$20,000 at March 31, 2023 and 2022 to support unearned grant revenue.

3. RECEIVABLES

Receivables—Significant revenues accrued by the Corporation at March 31, 2023 and 2022 are shown below:

	2023	2022
Downtown Revitalization Initiative Building Improvement Fund	\$ 38,067	\$ 50,167
Genesee County partner fee	-	1,125
Miscellaneous refund	836	-
Total	<u>\$ 38,903</u>	<u>\$ 51,292</u>

4. PASS-THROUGH GRANTS

During the year ended March 31, 2023, the Corporation coordinated a reimbursable pass-through grant agreement with the New York State Office of Community Renewal. The Corporation passed-through \$110,000 and \$100,000 to Just Chez Realty, LLC and Waggoner Holdings, LLC, respectively, which are reported as non-operating revenues and expenses. Similarly, during the year ended March 31, 2022, the Corporation coordinated a reimbursable pass-through grant agreement with the New York State Office of Community Renewal. The Corporation passed-through \$27,200 and \$137,600 to Vance Group, LLC and AGRV Properties, Inc., respectively, which are reported as non-operating revenues and expenses.

5. CONTINGENCIES

In the normal course of operations, the Corporation receives grant funds from various federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions that are specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the Corporation. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 28, 2023, which is the date the consolidated financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

* * * * *

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

SUPPLEMENTARY INFORMATION

BATAVIA DEVELOPMENT CORPORATION
Consolidating Statement of Net Position
March 31, 2023

	Batavia Development Corporation	Creek Park Batavia LLC	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 127,515	\$ 17,328	\$ -	\$ 144,843
Restricted cash and cash equivalents	20,000	-	-	20,000
Receivables	38,903	-	-	38,903
Prepaid items	447	-	-	447
Due from other funds	17,228	-	(17,228)	-
Total assets	<u>\$ 204,093</u>	<u>\$ 17,328</u>	<u>\$ (17,228)</u>	<u>\$ 204,193</u>
LIABILITIES				
Accounts payable	\$ 3,540	\$ -	\$ -	\$ 3,540
Accrued liabilities	1,462	-	-	1,462
Unearned revenue	20,000	-	-	20,000
Due to other funds	-	17,228	(17,228)	-
Total liabilities	<u>25,002</u>	<u>17,228</u>	<u>(17,228)</u>	<u>25,002</u>
NET POSITION				
Unrestricted	<u>179,091</u>	<u>100</u>	<u>-</u>	<u>179,191</u>
Total net position	<u>179,091</u>	<u>100</u>	<u>-</u>	<u>179,191</u>
Total liabilities and net position	<u><u>\$ 204,093</u></u>	<u><u>\$ 17,328</u></u>	<u><u>\$ (17,228)</u></u>	<u><u>\$ 204,193</u></u>

BATAVIA DEVELOPMENT CORPORATION
Consolidating Statement of Net Position
March 31, 2022

	Batavia Development Corporation	Creek Park Batavia LLC	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 125,921	\$ 17,328	\$ -	\$ 143,249
Restricted cash and cash equivalents	20,000	-	-	20,000
Receivables	51,292	-	-	51,292
Due from other funds	17,228	-	(17,228)	-
Total assets	<u>\$ 214,441</u>	<u>\$ 17,328</u>	<u>\$ (17,228)</u>	<u>\$ 214,541</u>
LIABILITIES				
Accounts payable	\$ 3,595	\$ -	\$ -	\$ 3,595
Accrued liabilities	-	-	-	-
Unearned revenue	20,000	-	-	20,000
Due to other funds	-	17,228	(17,228)	-
Total liabilities	<u>23,595</u>	<u>17,228</u>	<u>(17,228)</u>	<u>23,595</u>
NET POSITION				
Unrestricted	<u>190,846</u>	<u>100</u>	<u>-</u>	<u>190,946</u>
Total net position	<u>190,846</u>	<u>100</u>	<u>-</u>	<u>190,946</u>
Total liabilities and net position	<u>\$ 214,441</u>	<u>\$ 17,328</u>	<u>\$ (17,228)</u>	<u>\$ 214,541</u>

BATAVIA DEVELOPMENT CORPORATION
Consolidating Statement of Revenues, Expenses and Changes in Net Position
Year Ended March 31, 2023

	Batavia Development Corporation	Creek Park Batavia LLC	Eliminations	Total
Operating revenues				
City of Batavia	\$ 95,000	\$ -	\$ -	\$ 95,000
Total operating revenues	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>95,000</u>
Operating expenses				
Salary and benefits	62,350	-	-	62,350
Insurance	7,364	-	-	7,364
Office expenses	1,424	-	-	1,424
Travel and training	125	-	-	125
Marketing and public relations	222	-	-	222
Professional services	35,270	-	-	35,270
Total operating expenses	<u>106,755</u>	<u>-</u>	<u>-</u>	<u>106,755</u>
Operating (loss)	(11,755)	-	-	(11,755)
Non-operating revenues (expenses)				
Grant pass-through revenues	210,000	-	-	210,000
Grant pass-through expenses	(210,000)	-	-	(210,000)
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(11,755)	-	-	(11,755)
Net position—beginning	190,846	100	-	190,946
Net position—ending	<u>\$ 179,091</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 179,191</u>

BATAVIA DEVELOPMENT CORPORATION
Consolidating Statement of Revenues, Expenses and Changes in Net Position
Year Ended March 31, 2022

	Batavia Development Corporation	Creek Park Batavia LLC	Eliminations	Total
Operating revenues				
City of Batavia	\$ 95,000	\$ -	\$ -	\$ 95,000
Miscellaneous	31,970	-	-	31,970
Total operating revenues	<u>126,970</u>	<u>-</u>	<u>-</u>	<u>126,970</u>
Operating expenses				
Salary and benefits	73,992	-	-	73,992
Insurance	6,034	-	-	6,034
Office expenses	1,871	-	-	1,871
Travel and training	66	-	-	66
Marketing and public relations	2,210	-	-	2,210
Professional services	51,882	-	-	51,882
Total operating expenses	<u>136,055</u>	<u>-</u>	<u>-</u>	<u>136,055</u>
Operating income	(9,085)	-	-	(9,085)
Non-operating revenues (expenses)				
Grant pass-through revenues	164,800	-	-	164,800
Grant pass-through expenses	(164,800)	-	-	(164,800)
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(9,085)	-	-	(9,085)
Net position—beginning	199,931	100	-	200,031
Net position—ending	<u>\$ 190,846</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 190,946</u>

BATAVIA DEVELOPMENT CORPORATION
Consolidated Statement of Cash Flows
Years Ended March 31, 2023

	Batavia Development Corporation	Creek Park Batavia LLC	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from governmental agencies	\$ 95,000	\$ -	\$ -	\$ 95,000
Payments to service providers and suppliers	(44,460)	-	-	(44,460)
Payments for employee services	(61,335)	-	-	(61,335)
Receipts from other operating revenues	12,389	-	-	12,389
Net cash provided by operating activities	<u>1,594</u>	<u>-</u>	<u>-</u>	<u>1,594</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipt of pass-through grants	210,000	-	-	210,000
Payments of pass-through grants	<u>(210,000)</u>	<u>-</u>	<u>-</u>	<u>(210,000)</u>
Net cash (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	1,594	-	-	1,594
Cash and cash equivalents (including restricted cash and cash equivalents)—beginning	<u>145,921</u>	<u>17,328</u>	<u>-</u>	<u>163,249</u>
Cash and cash equivalents (including restricted cash and cash equivalents)—ending	<u>\$ 147,515</u>	<u>\$ 17,328</u>	<u>\$ -</u>	<u>\$ 164,843</u>
Reconciliation of operating (loss) to net cash provided by operating activities				
Operating (loss)	\$ (11,755)	\$ -	\$ -	\$ (11,755)
Adjustments to reconcile operating (loss) to net cash provided by operating activities				
Decrease in receivables	12,389	-	-	12,389
(Increase) in prepaid items	(447)	-	-	(447)
(Decrease) accounts payable	(55)	-	-	(55)
Increase in accrued liabilities	1,462	-	-	1,462
Net cash provided by operating activities	<u>\$ 1,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,594</u>

BATAVIA DEVELOPMENT CORPORATION
Consolidated Statement of Cash Flows
Years Ended March 31, 2022

	Batavia Development Corporation	Creek Park Batavia LLC	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from governmental agencies	\$ 95,000	\$ -	\$ -	\$ 95,000
Payments to service providers and suppliers	(89,437)	-	-	(89,437)
Payments for employee services	(75,770)	-	-	(75,770)
Receipts from other operating revenues	106,428	-	-	106,428
Net cash provided by operating activities	36,221	-	-	36,221
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipts of pass-through grants	164,800	-	-	164,800
Payments of pass-through grants	(164,800)	-	-	(164,800)
Net cash (used for) noncapital financing activities	-	-	-	-
Net increase in cash and cash equivalents	36,221	-	-	36,221
Cash and cash equivalents (including restricted cash and cash equivalents)—beginning	109,700	17,328	-	127,028
Cash and cash equivalents (including restricted cash and cash equivalents)—ending	\$ 145,921	\$ 17,328	\$ -	\$ 163,249
Reconciliation of operating (loss) to net cash provided by operating activities				
Operating (loss)	\$ (9,085)	\$ -	\$ -	\$ (9,085)
Adjustments to reconcile operating (loss) to net cash provided by operating activities				
Decrease in receivables	74,458	-	-	74,458
(Increase) accounts payable	(27,374)	-	-	(27,374)
(Decrease) in accrued liabilities	(1,778)	-	-	(1,778)
Net cash provided by operating activities	\$ 36,221	\$ -	\$ -	\$ 36,221

DRESCHER & MALECKI LLP

2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178



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
Batavia Development Corporation:

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 the Batavia Development Corporation and its wholly owned subsidiary Creek Park LLC (collectively referred to as the "Corporation") which comprise the statement of net position as of March 31, 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the consolidated financial statements, which collectively comprise the Corporation's consolidated financial statements, and have issued our report thereon dated June 28, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 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 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Drescher + Malecki LLP

June 28, 2023