

Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Statement of Net Position
Enterprise Funds
June 30, 2017

| | Major Funds | | | Non-Major Fund | Total |
|---|----------------|----------------|--------------------|----------------|---------------|
| | Operating Fund | Leigh St. Fund | Stone Brewery Fund | RVA Works Fund | |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 4,068,646 | \$ 316,771 | \$ 1,235,989 | \$ - | \$ 5,621,406 |
| Other receivables | 225 | - | 36,803 | - | 37,028 |
| Prepaid expenses | 808 | 20,280 | - | - | 21,088 |
| Net investment in capital lease receivable, current portion | - | - | 383,092 | - | 383,092 |
| Total current assets | 4,069,679 | 337,051 | 1,655,884 | - | 6,062,614 |
| Non-current assets: | | | | | |
| Property and equipment, net of accumulated depreciation | - | 12,011,575 | 621,645 | - | 12,633,220 |
| Net investment in capital lease receivable | - | - | 21,516,389 | - | 21,516,389 |
| Other noncurrent assets | - | 323,780 | - | - | 323,780 |
| Total noncurrent assets | - | 12,335,355 | 22,138,034 | - | 34,473,389 |
| Total assets | \$ 4,069,679 | \$ 12,672,406 | \$ 23,793,918 | \$ - | \$ 40,536,003 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 582,556 | \$ 20,555 | \$ 244,564 | \$ - | \$ 847,675 |
| Accrued interest payable | - | - | 73,261 | - | 73,261 |
| Reserves and deposits | - | 56,000 | - | - | 56,000 |
| Customer deposits | - | - | - | - | - |
| Rents received in advance | 22,000 | - | - | - | 22,000 |
| Other revenue received in advance | - | - | 111,241 | - | 111,241 |
| Current portion of recoverable grants payable | - | - | 610,000 | - | 610,000 |
| Total current liabilities | 604,556 | 76,555 | 1,039,066 | - | 1,720,177 |
| Noncurrent liabilities: | | | | | |
| Recoverable grants payable, long term | - | 9,000,000 | 21,805,000 | - | 30,805,000 |
| Notes payable, long term | - | - | 282,422 | - | 282,422 |
| Sponsorship fee received in advance | - | 1,552,506 | - | - | 1,552,506 |
| Total noncurrent liabilities | - | 10,552,506 | 22,087,422 | - | 32,639,928 |
| Total liabilities | 604,556 | 10,629,061 | 23,126,488 | - | 34,360,105 |
| NET POSITION | | | | | |
| Net investment in capital assets | - | 12,011,575 | 621,645 | - | 12,633,220 |
| Unrestricted | 3,221,959 | (9,968,230) | 45,785 | - | (6,700,486) |
| Restricted | 243,164 | - | - | - | 243,164 |
| Total net position | 3,465,123 | 2,043,345 | 667,430 | - | 6,175,898 |
| Total liabilities and net position | \$ 4,069,679 | \$ 12,672,406 | \$ 23,793,918 | \$ - | \$ 40,536,003 |

See accompanying notes.

Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
Year Ended June 30, 2017

| | Major Funds | | | Non-Major Fund | Total |
|--|----------------|----------------|--------------------|----------------|--------------|
| | Operating Fund | Leigh St. Fund | Stone Brewery Fund | RVA Works Fund | |
| Operating revenues: | | | | | |
| Sponsorship fee | \$ - | \$ 443,333 | \$ - | \$ - | \$ 443,333 |
| Rental income | 22,000 | 771,874 | - | 57,869 | 851,743 |
| Loan administration fees | 36,450 | - | - | - | 36,450 |
| Bond and other fees | 1,616 | - | - | - | 1,616 |
| Event and other income | - | 270,786 | - | - | 270,786 |
| Total operating revenues | 60,066 | 1,485,993 | - | 57,869 | 1,603,928 |
| Operating expenses: | | | | | |
| Personnel | 28,576 | 140,978 | - | 37,341 | 206,895 |
| Professional services | 25,312 | 12,000 | 3,207 | 1,688 | 42,207 |
| Internet and telephone services | - | 5,089 | - | 13,408 | 18,497 |
| Bad debt | - | - | - | 107 | 107 |
| Building operations and maintenance | - | 341,455 | - | 37,415 | 378,870 |
| Rent | - | 40,560 | - | - | 40,560 |
| Other | 140,891 | 28,852 | 3,178 | 5,166 | 431,087 |
| Depreciation | - | 313,845 | - | 26,004 | 339,849 |
| Total operating expenses | 194,779 | 1,135,779 | 6,385 | 121,129 | 1,458,072 |
| Operating income (loss) | (134,713) | 350,214 | (6,385) | (63,260) | 145,856 |
| Nonoperating revenues (expenses): | | | | | |
| Grants from the City of Richmond | 2,130,000 | - | - | - | 2,130,000 |
| Economic development incentives | (2,188,920) | - | - | - | (2,188,920) |
| Interest on capital lease | - | - | 1,347,947 | - | 1,347,947 |
| Gain on sale of fixed assets | - | - | - | 243,352 | 243,352 |
| Gain on debt forgiveness | - | - | 100,000 | - | 100,000 |
| Interest expense | - | - | (857,383) | - | (857,383) |
| Interest income | 23,283 | 173 | 126 | - | 23,582 |
| Total nonoperating revenues (expenses) | (35,637) | 173 | 590,690 | 243,352 | 798,578 |
| Income (loss) before transfers | (170,350) | 350,387 | 584,305 | 180,092 | 944,434 |
| Transfers in (out) | 1,537,018 | 751,500 | 166,945 | (2,455,463) | - |
| Change in net position | 1,366,668 | 1,101,887 | 751,250 | (2,275,371) | 944,434 |
| Net position, beginning of year | 2,098,455 | 941,458 | (83,820) | 2,275,371 | 5,231,464 |
| Net position, end of year | \$ 3,465,123 | \$ 2,043,345 | \$ 667,430 | \$ - | \$ 6,175,898 |

See accompanying notes.

Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Statement of Cash Flows
Enterprise Funds
Year Ended June 30, 2017

| | Major Funds | | | Non-Major Fund | Total |
|---|----------------|----------------|--------------------|----------------|--------------|
| | Operating Fund | Leigh St. Fund | Stone Brewery Fund | RVA Works Fund | |
| Cash flows from operating activities: | | | | | |
| Receipt from sponsorship fee | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts from rentals | 22,000 | 771,874 | - | 49,612 | 843,486 |
| Receipts from loan administration | 36,000 | - | - | - | 36,000 |
| Receipts from other activities | 2,141 | 270,786 | - | - | 272,927 |
| Payments for operating activities | (193,031) | (801,379) | (6,385) | (110,888) | (1,111,683) |
| Net cash provided (used) by operating activities | (132,890) | 241,281 | (6,385) | (61,276) | 40,730 |
| Cash flows from noncapital financing activities: | | | | | |
| Receipts from City of Richmond | 2,130,000 | - | 15,528 | - | 2,145,528 |
| Economic development incentive payments | (1,608,920) | - | - | - | (1,608,920) |
| Deposits to escrows and reserves | - | (74,656) | - | - | (74,656) |
| Transfers between funds | 1,286,836 | 751,500 | 166,945 | (2,205,281) | - |
| Net cash provided (used) by noncapital financing activities | 1,807,916 | 676,844 | 182,473 | (2,205,281) | 461,952 |
| Cash flows from investing activities: | | | | | |
| Interest earned | 23,283 | 173 | 126 | - | 23,582 |
| Cash flows from capital and related financing activities: | | | | | |
| Proceeds from sale of property | - | - | - | 2,259,912 | 2,259,912 |
| Cash paid for interest | - | - | (861,353) | - | (861,353) |
| Payments received on capital lease | - | - | 1,885,288 | - | 1,885,288 |
| Payments of recoverable grant payable | - | - | (585,000) | - | (585,000) |
| Payments made on note payable | - | - | (150,000) | - | (150,000) |
| Payments for capital assets | - | (1,362,348) | (393,665) | - | (1,756,013) |
| Net cash provided (used) by capital and related financing activities | - | (1,362,348) | (104,730) | 2,259,912 | 792,834 |
| Net increase (decrease) in cash and cash equivalents | 1,698,309 | (444,050) | 71,484 | (6,645) | 1,319,098 |
| Cash and cash equivalents, beginning of year | 2,370,337 | 760,821 | 1,164,505 | 6,645 | 4,302,308 |
| Cash and cash equivalents, end of year | \$ 4,068,646 | \$ 316,771 | \$ 1,235,989 | \$ - | \$ 5,621,406 |
| Reconciliation of operating loss to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | \$ (134,713) | \$ 350,214 | \$ (6,385) | \$ (63,260) | \$ 145,856 |
| Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities: | | | | | |
| Depreciation | - | 313,845 | - | 26,004 | 339,849 |
| Bad debt | - | - | - | 107 | 107 |
| Change in assets and liabilities: | | | | | |
| Receivables | 75 | - | - | 6,532 | 6,607 |
| Prepaid expenses | (808) | - | - | 2,938 | 2,130 |
| Accounts payable | 2,556 | 20,555 | - | (18,808) | 4,303 |
| Customer deposits | - | - | - | (12,322) | (12,322) |
| Prepaid revenue | - | (443,333) | - | (2,467) | (445,800) |
| Net cash provided (used) by operating activities | \$ (132,890) | \$ 241,281 | \$ (6,385) | \$ (61,276) | \$ 40,730 |

Non-cash capital and related financing activities:

During 2017, the RVA Works building was sold for approximately \$2,500,000. As part of the sale, a deposit of \$250,182 that had previously been paid by the Operating Fund was applied and \$100,000 of a note held by the Stone Brewery Fund was forgiven.

See accompanying notes.

Economic Development Authority of the City of Richmond, Virginia
Notes to Financial Statements

Net position

Net position is the difference between assets and liabilities. Net position invested in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets.

Subsequent events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through _____, 2017, the date the financial statements were available to be issued.

3. Activity in Current Fiscal Year

Leigh St. fund

The Authority has worked in cooperation with the City of Richmond, the Department of Economic and Community Development and other private parties to develop the Bon Secours Washington Redskins Training Center. To that end, the Authority entered into a long-term lease with the Commonwealth of Virginia to lease 15.040 acres of land within the City as well as contracts to build the facility. The foregoing was facilitated by a recoverable grant from the City of Richmond in the amount of ten million dollars. The facility was substantially complete at fiscal year-end 2013. The development of this property and the leasing and naming rights agreements associated with the project are intertwined with an additional property known as the Westhampton School Property. The City of Richmond and the Board of the Authority have agreed to transfer ownership of the Westhampton School Property to the Authority, which in turn will lease it to a third party under a long term lease. Both facilities will have a material impact on the Authority's statement of net position. Additionally, the Bon Secours Washington Redskins Training Center is expected to have a material positive impact on the statement of activities of the Authority for the foreseeable future. At June 30, 2017, all payments on the naming rights agreement had been received and recorded in deferred revenue. Pursuant to the agreement, the amount of revenue recognized in the current fiscal year was \$443,333, with a remaining deferred amount of \$1,552,506 to be earned evenly through December 2020.

Stone Brewery fund

The Authority is working with the City of Richmond and Stone Brewing Co. to develop the Stone Brewery facility. To that end, the Authority has entered into certain real estate transactions as well as construction contracts to build the facility. The foregoing is being facilitated by certain grants from the State and a recoverable grant from the City of Richmond. During 2016 when construction was completed, the long-term use lease agreement between the Authority and Stone Brewing Co. became effective.

4. Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. Seq. of the *Code of Virginia*. Under the provisions of the Act, banks and savings institutions holding public deposits in excess of the amounts insured by federal depository insurance must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized. At June 30, 2017, the Authority had deposits, including agency fund deposits, in excess of federally insured limits of \$12,641,263.