

**ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF RICHMOND, VIRGINIA**
(A Component Unit of the City of Richmond, Virginia)

FINANCIAL REPORT

June 30, 2021

CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	6
Statement of Activities	7
GOVERNMENTAL FUND FINANCIAL STATEMENTS	
Balance Sheet - Governmental Fund and Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund and Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to Statement of Activities	9
Statement of Net Position - Enterprise Funds	10
Statement of Revenues, Expenses and Changes in Net Position - Enterprise Funds	11
Statement of Cash Flows - Enterprise Funds	12
Notes to Financial Statements	14
COMPLIANCE SECTION	
Independent Auditor’s 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>	24
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Requirements Required By Uniform Guidance	26
Schedule of Expenditures of Federal Awards and Notes to Schedule of Expenditures of Federal Awards	28
Summary of Compliance Matters	29
Schedule of Findings and Questioned Costs	30

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Directors
Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Economic Development Authority of the City of Richmond, Virginia (the Authority), a component unit of the City of Richmond, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic 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 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 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 financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Economic Development Authority of the City of Richmond, Virginia as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof 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's discussion and analysis 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, 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 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented in for purposes of and additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic 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 October 18, 2021, on our consideration of the Authority'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 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 Authority's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Management's Discussion and Analysis of the financial performance of the Economic Development Authority of the City of Richmond, Virginia (Authority) provides an overview of the financial activities for the years ended June 30, 2021 and 2020. It should be read in conjunction with the financial statements.

Overview of the Financial Statements

The Authority receives operating funds from the rental of a parking garage, manages the operations of the training facility on Leigh Street, and leases certain property under a capital lease arrangement for the operation and future expansion of a brewery. It also manages loan portfolios of the City of Richmond, Virginia.

Government-wide statement of net position

Following is a condensed statement of net position showing the net position of the Authority at June 30:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>(As Restated) 6/30/2020</u>	<u>6/30/2021</u>	<u>(As Restated) 6/30/2020</u>
Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 10,303,519	\$ 12,108,332	\$ 10,303,519	\$ 12,108,332
Capital assets, net	159,249	638,236	11,437,970	11,741,311	11,597,219	12,379,547
Other assets	-	-	30,916,917	30,576,382	30,916,917	30,576,382
Total assets	<u>\$ 159,249</u>	<u>\$ 638,236</u>	<u>\$ 52,658,406</u>	<u>\$ 54,426,025</u>	<u>\$ 52,817,655</u>	<u>\$ 55,064,261</u>
Liabilities:						
Current liabilities	\$ -	\$ -	\$ 1,411,135	\$ 1,020,242	\$ 1,411,135	\$ 1,020,242
Revenues received in advance	-	-	-	222,507	-	222,507
Recoverable grant payable	-	-	26,115,000	27,325,000	26,115,000	27,325,000
Total liabilities	-	-	27,526,135	28,567,746	27,526,135	28,567,746
Net position	<u>159,249</u>	<u>638,236</u>	<u>25,132,271</u>	<u>25,858,276</u>	<u>25,291,520</u>	<u>26,496,512</u>
Total liabilities and net position	<u>\$ 159,249</u>	<u>\$ 638,236</u>	<u>\$ 52,658,406</u>	<u>\$ 54,426,025</u>	<u>\$ 52,817,655</u>	<u>\$ 55,064,261</u>

There was a decrease in cash and cash equivalents of \$1,804,813 primarily due to funds received from the City of Richmond for economic development incentive grants in the prior year which were disbursed in the current year combined with an increase in draws on loans offered through the Economic Development and Housing Loan Fund Program.

There was a decrease in net capital assets of \$782,328, primarily due to depreciation expense.

There was an increase in other assets of \$340,535, which is primarily driven by an approximate \$330,000 increase in amounts due from the City for reimbursable expenditures made during the year under federal CARES grant programs, combined with a decrease of \$459,620 in the Stone Brewery capital lease from regular current year payments, an overall increase of \$590,354 in receivables under City-sponsored loan programs, a \$147,037 decrease in the deposit held with the management agent of the Leigh Street Property, and other minimal operating fluctuations.

There was an increase in current liabilities of \$390,893, primarily due to a \$348,039 increase in deferred revenue related to federal CARES funding received in advance of expenditure.

There was a decrease in advance receipt of revenues of \$222,507, due to the final year of amortization of the Leigh Street Property naming rights.

There was a decrease in recoverable grant payable of \$1,210,000, due to the payments made on the recoverable grants payable to the City of Richmond related to the Stone Brewery and Leigh Street projects.

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ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Government-Wide Statement of Activities

Condensed statements of activities for fiscal years ended June 30 are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>(As Restated) 6/30/2020</u>	<u>6/30/2021</u>	<u>(As Restated) 6/30/2020</u>
Revenues:						
Grant from the City of Richmond	\$ -	\$ -	\$ 7,473,191	\$ 741,172	\$ 7,473,191	\$ 741,172
Other grants	-	-	-	221,000	-	221,000
Rental income	-	-	845,219	821,205	845,219	821,205
Loan administration fees	-	-	36,188	36,680	36,188	36,680
Bond and other fees	-	-	2,503	-	2,503	-
Loan program income	-	-	441,682	291,551	441,682	291,551
Sponsorship fees	-	-	222,507	443,334	222,507	443,334
Interest on capital lease	-	-	1,135,624	1,267,190	1,135,624	1,267,190
Other	-	-	380,996	459,586	380,996	459,586
Total revenues	-	-	10,537,910	4,281,718	10,537,910	4,281,718
Expenses:						
Economic development incentives	-	-	1,519,084	2,916,109	1,519,084	2,916,109
Federal CARES grants	-	-	6,295,153	-	6,295,153	-
Grant repaid to the State	-	-	750,000	-	750,000	-
Other grants and rebates	-	-	212,073	-	127,374	-
Building operations and maintenance	-	-	304,069	347,864	304,069	347,864
Depreciation	478,987	478,988	323,581	328,749	802,568	807,737
Interest	-	-	1,021,501	767,229	1,021,501	767,229
Other	-	-	838,454	795,229	838,454	795,229
Total expenses	478,987	478,988	11,263,915	5,155,180	11,742,902	5,634,167
Change in net position	<u>\$ (478,987)</u>	<u>\$ (478,988)</u>	<u>\$ (726,005)</u>	<u>\$ (873,462)</u>	<u>\$ (1,204,992)</u>	<u>\$ (1,352,449)</u>

Grant revenue from the City of Richmond, Virginia and other grants was less than grant expenses due to a timing difference between receipt of the grant revenue from the City in the prior year and disbursement to the qualifying businesses in the current year, combined with pending reimbursement requests outstanding from the City at year-end. Grant activity from the City of Richmond was significantly higher, by \$6,732,019 in FY21 as compared to FY20 due to the influx of local and federal CARES funding from the City distributed to local businesses and organizations by the Authority. Additionally, during the year, a local business that had previously received economic development incentives moved its location out of the City and, as a result, the Authority was responsible for returning \$750,000 in funding back to the state agency from which the funding had ultimately been received.

The Authority has expanded its lending programs, which are operated in coordination with the City of Richmond's Department of Economic Development. Operational costs of the programs are covered by the City. Any losses sustained in the lending programs are absorbed by the City or the relevant funding partner. The Authority receives fees adequate to cover its costs as well as audit fees associated with these activities. In summary, the outlook for the lending programs is favorable with a good likelihood of additional funding for loan programs. The Authority can reasonably expect that its costs will continue to be covered.

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ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Accomplishments and Economic Outlook

During the year ended June 30, 2021, the Authority played an essential role in awarding 450 grants totaling more than \$6.1 million to support the continuity of small businesses and non-profit organizations impacted by the COVID-19 pandemic. This was accomplished by the creation of the Disaster Loan Program (loans were converted to grants), the Richmond Recovers Grant Program, the Richmond Recovers II Grant Program, and the Richmond Rate Reduction Program.

The Authority also supported the work of the City's Department of Economic Development to attract over \$409 million in capital investment and 1,008 new jobs to the City of Richmond. The Authority's administration of both local and state discretionary performance incentives assists in making these accomplishments possible. Several of which include:

- Vytal Studies, technology-based education and training content developer and producer, relocating its corporate headquarters from Austin, Texas to Richmond;
- Aditx Therapeutics, Inc. establishing a state-of-the-art immune monitoring center in the VA Bio+Tech Park located in the City; and
- CarLotz expanding its corporate headquarters in the City.

The Authority also serviced the Commercial Area Revitalization Effort (CARE) Program for the City of Richmond. The CARE Program is designed to revitalize and return economic viability to older neighborhood districts, primarily in the City's low and moderate-income communities. The Extra CARE Program operates in non-CARE commercial areas in need of revitalization and/or stabilization. There were 19 CARE and Extra CARE rebates disbursed totaling \$81,698 during FY2021. This public investment figure stimulated more than \$2.1 million in private investment and helped to create and maintain 43 jobs.

Requests for information

This financial report is intended to provide a general overview of the Authority's finances. Any questions regarding this report or requests for additional financial information should be addressed to the Authority at 1500 East Main Street, Suite 400, Richmond, Virginia 23219.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ -	\$ 10,303,519	\$ 10,303,519
Other receivables	-	82,804	82,804
Due from the City (Note 10)	-	739,606	739,606
Prepaid expenses	-	30,747	30,747
Net investment in capital lease receivable (Note 6)	-	531,452	531,452
Total current assets	-	11,688,128	11,688,128
NONCURRENT ASSETS			
Nondepreciable capital assets (Note 5)	142,165	1,524,874	1,667,039
Depreciable capital assets, net (Note 5)	17,084	9,913,096	9,930,180
Net investment in capital lease receivable, less current portion (Note 6)	-	19,571,133	19,571,133
Loans receivable, net (Note 8)	-	9,070,690	9,070,690
Accrued interest receivable	-	786,148	786,148
Other noncurrent assets	-	104,337	104,337
Total noncurrent assets	159,249	40,970,278	41,129,527
Total assets	<u>\$ 159,249</u>	<u>\$ 52,658,406</u>	<u>\$ 52,817,655</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ -	\$ 75,162	\$ 75,162
Due to the City (Note 10)	-	87,439	87,439
Accrued interest payable	-	60,605	60,605
Deposits and reserves	-	107,890	107,890
Rents received in advance	-	22,000	22,000
Deferred grant revenue (Note 10)	-	348,039	348,039
Current portion of recoverable grant payable (Note 12)	-	710,000	710,000
Total current liabilities	-	1,411,135	1,411,135
NONCURRENT LIABILITIES			
Recoverable grants payable (Note 12)	-	26,115,000	26,115,000
Total liabilities	-	27,526,135	27,526,135
NET POSITION			
Net investment in capital assets	159,249	4,437,970	4,597,219
Restricted	-	6,488,256	6,488,256
Unrestricted	-	14,206,045	14,206,045
Total net position	159,249	25,132,271	25,291,520
Total liabilities and net position	<u>\$ 159,249</u>	<u>\$ 52,658,406</u>	<u>\$ 52,817,655</u>

The Notes to Financial Statements are an integral part of this statement.

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	Governmental Activities	Business-Type Activities	Total
OPERATING REVENUES			
Sponsorship fee (Note 3)	\$ -	\$ 222,507	\$ 222,507
Rental income	-	845,219	845,219
Loan administration and other fees	-	36,188	36,188
Bond and other fees	-	2,503	2,503
Loan program income	-	441,682	441,682
Other	-	271,127	271,127
	<hr/>	<hr/>	<hr/>
Total operating revenues	-	1,819,226	1,819,226
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES			
Personnel	-	231,769	231,769
Professional services	-	190,310	190,310
Internet and telephone services	-	6,434	6,434
Building operations and maintenance	-	304,069	304,069
Rent	-	40,560	40,560
Other	-	333,001	333,001
Loan administrative fees	-	36,380	36,380
Depreciation	478,987	323,581	802,568
	<hr/>	<hr/>	<hr/>
Total operating expenses	478,987	1,466,104	1,945,091
	<hr/>	<hr/>	<hr/>
Operating income (loss)	(478,987)	353,122	(125,865)
	<hr/>	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES)			
Grants from the City of Richmond (Note 10)	-	7,473,191	7,473,191
Federal CARES grants (Note 10)	-	(6,295,153)	(6,295,153)
Economic development incentives (Note 10)	-	(1,519,084)	(1,519,084)
Grant repaid to the State	-	(750,000)	(750,000)
Other grants and rebates	-	(212,073)	(212,073)
Contribution from the City	-	100,000	100,000
Interest on capital lease	-	1,135,624	1,135,624
Interest expense	-	(1,021,501)	(1,021,501)
Interest income	-	9,869	9,869
	<hr/>	<hr/>	<hr/>
Total non-operating expenses	-	(1,079,127)	(1,079,127)
	<hr/>	<hr/>	<hr/>
Change in net position	(478,987)	(726,005)	(1,204,992)
	<hr/>	<hr/>	<hr/>
Net position, beginning of year (as restated) (Note 13)	638,236	25,858,276	26,496,512
	<hr/>	<hr/>	<hr/>
Net position, end of year	<u>\$ 159,249</u>	<u>\$ 25,132,271</u>	<u>\$ 25,291,520</u>

The Notes to Financial Statements are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2021

	<u>Theater Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ -
 FUND BALANCE	
Unassigned	\$ -
 RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	
Total fund balance per Governmental Funds Balance Sheet	\$ -
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds:	
Capital assets, cost	14,512,067
Accumulated depreciation	<u>(14,352,818)</u>
	<u>159,249</u>
Net position of governmental activities	<u>\$ 159,249</u>

The Notes to Financial Statements are an integral part of this statement.

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended June 30, 2021

	<u>Theater Fund</u>
OPERATING REVENUES	
Naming rights fees	\$ -
OPERATING EXPENDITURES	
Restoration grant	-
Change in fund balance	-
Fund balance, beginning of year	-
Fund balance, end of year	<u>\$ -</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
STATEMENT OF ACTIVITIES**

Change in fund balance, total governmental fund	<u>\$ -</u>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details supporting this adjustment are as follows:

Depreciation expense	<u>(478,987)</u>
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Change in net position of governmental activities	<u>\$ (478,987)</u>
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The Notes to Financial Statements are an integral part of this statement.

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, 2021

	Major Funds				
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Loan Fund	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 3,523,520	\$ 125,359	\$ 1,924,788	\$ 4,729,852	\$ 10,303,519
Other receivables	-	33,000	46,355	3,449	82,804
Due from the City (Note 10)	739,606	-	-	-	739,606
Prepaid expenses	3,534	20,280	5,883	1,050	30,747
Net investment in capital lease (Note 6) receivable, current portion	-	-	531,452	-	531,452
Total current assets	<u>4,266,660</u>	<u>178,639</u>	<u>2,508,478</u>	<u>4,734,351</u>	<u>11,688,128</u>
NONCURRENT ASSETS					
Nondepreciable capital assets (Note 5)	-	868,818	656,056	-	1,524,874
Depreciable capital assets, net (Note 5)	-	9,913,096	-	-	9,913,096
Net investment in capital lease receivable, less current portion (Note 6)	-	-	19,571,133	-	19,571,133
Loans receivable, net (Note 8):					
Community Area Revitalization Effort (CARE) Program	-	-	-	121,501	121,501
Contractor Assistance Program (CAP)	-	-	-	114,409	114,409
Economic Development and Housing Loan Fund (EDHLF) Program	-	-	-	8,076,318	8,076,318
Revolving Loan Program (RLP)	-	-	-	758,462	758,462
Accrued interest receivable	-	-	-	786,148	786,148
Other noncurrent assets	-	104,337	-	-	104,337
Total noncurrent assets	<u>-</u>	<u>10,886,251</u>	<u>20,227,189</u>	<u>9,856,838</u>	<u>40,970,278</u>
Total assets	<u>\$ 4,266,660</u>	<u>\$ 11,064,890</u>	<u>\$ 22,735,667</u>	<u>\$ 14,591,189</u>	<u>\$ 52,658,406</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 63,752	\$ -	\$ 2,534	\$ 8,876	\$ 75,162
Due to the City (Note 10)	30,000	-	-	57,439	87,439
Accrued interest payable	-	-	60,605	-	60,605
Reserves and deposits	-	107,890	-	-	107,890
Rents received in advance	22,000	-	-	-	22,000
Grants received in advance (Note 10)	348,039	-	-	-	348,039
Current portion of recoverable grants payable (Note 12)	-	-	710,000	-	710,000
Total current liabilities	<u>463,791</u>	<u>107,890</u>	<u>773,139</u>	<u>66,315</u>	<u>1,411,135</u>
NONCURRENT LIABILITIES					
Recoverable grants payable, long term (Note 12)	-	7,000,000	19,115,000	-	26,115,000
Total liabilities	<u>463,791</u>	<u>7,107,890</u>	<u>19,888,139</u>	<u>66,315</u>	<u>27,526,135</u>
NET POSITION					
Net investment in capital assets	-	3,781,914	656,056	-	4,437,970
Restricted	1,815,699	-	-	4,672,557	6,488,256
Unrestricted	1,987,170	175,086	2,191,472	9,852,317	14,206,045
Total net position	<u>3,802,869</u>	<u>3,957,000</u>	<u>2,847,528</u>	<u>14,524,874</u>	<u>25,132,271</u>
Total liabilities and net position	<u>\$ 4,266,660</u>	<u>\$ 11,064,890</u>	<u>\$ 22,735,667</u>	<u>\$ 14,591,189</u>	<u>\$ 52,658,406</u>

The Notes to Financial Statements are an integral part of this statement.

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, 2021

	Major Funds				
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Loan Fund	Total
OPERATING REVENUES					
Sponsorship fee	\$ -	\$ 222,507	\$ -	\$ -	\$ 222,507
Rental income	22,000	823,219	-	-	845,219
Loan administration and other fees	36,000	-	-	188	36,188
Bond and other fees	2,503	-	-	-	2,503
Loan program income	-	-	-	441,682	441,682
Event and other income	-	271,127	-	-	271,127
Total operating revenues	60,503	1,316,853	-	441,870	1,819,226
OPERATING EXPENSES					
Personnel	967	230,802	-	-	231,769
Professional services	169,741	18,511	2,058	-	190,310
Internet and telephone services	-	6,434	-	-	6,434
Building operations and maintenance	-	304,069	-	-	304,069
Rent	-	40,560	-	-	40,560
Other	64,857	95,828	47,514	124,802	333,001
Loan administrative fees	-	-	-	36,380	36,380
Depreciation	-	323,581	-	-	323,581
Total operating expenses	235,565	1,019,785	49,572	161,182	1,466,104
Operating income (loss)	(175,062)	297,068	(49,572)	280,688	353,122
NONOPERATING REVENUES (EXPENSES)					
Grants from the City of Richmond (Note 10)	7,473,191	-	-	-	7,473,191
Federal CARES grants (Note 10)	(6,295,153)	-	-	-	(6,295,153)
Economic development incentives (Note 10)	(1,519,084)	-	-	-	(1,519,084)
Grant repaid to the State	(750,000)	-	-	-	(750,000)
Other grants and rebates	(127,374)	-	-	(84,699)	(212,073)
Contributions from the City	-	-	-	100,000	100,000
Interest on capital lease	-	-	1,135,624	-	1,135,624
Interest expense	-	-	(745,992)	(275,509)	(1,021,501)
Interest income	1,817	34	1,138	6,880	9,869
Total nonoperating revenues (losses)	(1,216,603)	34	390,770	(253,328)	(1,079,127)
Change in net position	(1,391,665)	297,102	341,198	27,360	(726,005)
Net position, beginning of year (as restated) (Note 13)	5,194,534	3,659,898	2,506,330	14,497,514	25,858,276
Net position, end of year	<u>\$ 3,802,869</u>	<u>\$ 3,957,000</u>	<u>\$ 2,847,528</u>	<u>\$ 14,524,874</u>	<u>\$ 25,132,271</u>

The Notes to Financial Statements are an integral part of this statement.

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, 2021

	Major Funds				
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Loan Fund	Total
OPERATING ACTIVITIES					
Receipts from rentals	\$ 22,000	\$ 790,219	\$ -	\$ -	\$ 812,219
Receipts from loan administration	36,000	-	-	188	36,188
Issuances of loans	-	-	-	(1,426,724)	(1,426,724)
Receipts from loan repayments	-	-	-	1,062,420	1,062,420
Receipts from other activities	16,077	271,127	-	64,913	352,117
Payments for operating activities	(231,237)	(697,754)	(58,385)	(40,847)	(1,028,223)
Net cash provided by (used in) operating activities	(157,160)	363,592	(58,385)	(340,050)	(192,003)
NONCAPITAL FINANCING ACTIVITIES					
Grants and receipts from City of Richmond	7,509,455	-	-	104,404	7,613,859
Economic development incentive payments	(1,462,017)	-	-	-	(1,462,017)
Federal CARES grant payments	(6,295,153)	-	-	-	(6,295,153)
Other grants and rebates	(127,374)	-	-	(84,699)	(212,073)
Grant repayments to the State	(750,000)	-	-	-	(750,000)
Payments to the City	-	-	(27,022)	-	(27,022)
Payments from escrows and reserves	-	142,927	-	-	142,927
Payments for loans and interest	-	-	-	(275,509)	(275,509)
Net cash provided by (used in) noncapital financing activities	(1,125,089)	142,927	(27,022)	(255,804)	(1,264,988)
INVESTING ACTIVITIES					
Interest earned	1,817	34	1,138	6,880	9,869
CAPITAL AND RELATED FINANCING ACTIVITIES					
Construction of capital assets	-	(20,240)	-	-	(20,240)
Cash paid for interest	-	-	(747,695)	-	(747,695)
Payments received on capital lease	-	-	1,595,244	-	1,595,244
Payments of recoverable grant payable	-	(500,000)	(685,000)	-	(1,185,000)
Net cash provided by (used in) capital and related financing activities	-	(520,240)	162,549	-	(357,691)
Net increase (decrease) in cash and cash equivalents	(1,280,432)	(13,687)	78,280	(588,974)	(1,804,813)
CASH AND CASH EQUIVALENTS					
Beginning of year (as restated) (Note 13)	4,803,952	139,046	1,846,508	5,318,826	12,108,332
End of year	<u>\$ 3,523,520</u>	<u>\$ 125,359</u>	<u>\$ 1,924,788</u>	<u>\$ 4,729,852</u>	<u>\$ 10,303,519</u>

(Continued)

The Notes to Financial Statements are an integral part of this statement.

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, 2021

	Major Funds				Total
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Loan Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (175,062)	\$ 297,068	\$ (49,572)	\$ 280,688	\$ 353,122
Adjustments to reconcile operating (loss) income to cash provided by (used in) operating activities:					
Depreciation	-	323,581	-	-	323,581
Bad debt expense	-	-	-	119,098	119,098
Change in current assets and liabilities:					
Receivables	13,574	(33,000)	-	31,621	12,195
Prepaid expenses	21	-	(1,990)	(1,050)	(3,019)
Loans receivable, net	-	-	-	(364,304)	(364,304)
Accrued interest receivable	-	-	-	(376,769)	(376,769)
Accounts payable	4,307	(1,550)	(6,823)	(86,773)	(90,839)
Due to City	-	-	-	57,439	57,439
Revenue received in advance	-	(222,507)	-	-	(222,507)
Net cash provided by (used in) operating activities	<u>\$ (157,160)</u>	<u>\$ 363,592</u>	<u>\$ (58,385)</u>	<u>\$ (340,050)</u>	<u>\$ (192,003)</u>

The Notes to Financial Statements are an integral part of this statement.

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Organization and Purpose

The Economic Development Authority of the City of Richmond, Virginia (EDA) was created as a political subdivision of the Commonwealth of Virginia on August 28, 1972 by action of the City Council of the City of Richmond, Virginia (City). On April 24, 2006, City Council revoked the EDA's ability to issue debt until it could be reorganized. On June 26, 2006, City Council renamed the EDA as the Economic Development Authority of the City of Richmond, Virginia (Authority). On October 9, 2006, City Council adopted an ordinance that reconfigured the Authority. The Authority is governed by a seven member Board of Directors appointed by the Richmond City Council. The Authority is considered to be a component unit of the City of Richmond, Virginia.

The purpose of the Authority is to promote industry and develop trade by inducing manufacturing, industrial, government and commercial enterprise to locate in or remain in the City of Richmond, further the economic well-being of the citizens of the City, and benefit the inhabitants of the City, increase their commerce and promote their safety, health, welfare, convenience and prosperity. The Authority seeks to provide additional employment for all levels of the community, to promote economic stability and growth in the community, and to assist in meeting the City's development objectives.

2. Summary of Significant Accounting Policies

Government-wide financial statements

The government-wide financial statements include the statement of net position and the statement of activities. They report information on all of the non-fiduciary activities of the Authority. While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activity column of the government wide statements incorporates data from the governmental fund, while business-type activities incorporate data from the Authority's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements.

Fund financial statements

The Authority utilizes the economic resources management focus and the accrual basis of accounting in preparing its financial statements where revenues are recognized when earned and expenses when incurred. The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity as displayed in the supplementary information. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses, as appropriate.

Governmental fund - special revenue fund

Governmental funds are those through which most governmental functions typically are financed. A special revenue fund is a governmental fund which accounts for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Authority's special revenue fund is the Theater Fund, which contains the current Altria Theater building and associated agreements for funding of the restoration of this historic property.

(Continued)

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

2. Summary of Significant Accounting Policies (Continued)

Enterprise funds

The Authority is required to follow the accounting and reporting practices of the Governmental Accounting Standards Board (GASB). For financial reporting purposes, the Operating Fund, the Leigh Street Fund, the Stone Brewery Fund, and Major Loan Fund all utilize the enterprise fund method of accounting using the accrual basis. For the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred, regardless of when the related cash flows take place.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and cash equivalents

Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include amounts in demand deposits, treasury bills, and savings accounts.

Rent receivables/allowance for doubtful accounts

Rent receivables are stated at book value utilizing an allowance for doubtful accounts. The allowance is computed using historical collection data.

Property and equipment

Property and equipment consist of land, buildings and improvements, and equipment. Property and equipment are recorded at cost or, if acquired through contribution, at fair value at the date of the gift. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets. The estimated useful life of each class of depreciable assets is as follows:

Buildings and improvements	10 - 40 years
Equipment	5 - 7 years

Recoverable grant payable

Recoverable grants payable represent amounts provided by the City to the Authority for the construction of the Bon Secours Training Facility and the Stone Brewing Facility. These amounts are payable back to the City from revenues generated by the respective facilities. No formal repayment terms have been executed.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and assumptions.

(Continued)

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

2. Summary of Significant Accounting Policies (Continued)

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.

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 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 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, 2021, 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 \$222,507. There were no amount remaining as deferred as of June 30, 2021.

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 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.

(Continued)

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

5. Capital Assets

A summary of changes in the Authority's capital assets are as follows:

	Balance July 1, 2020 (as restated)	Additions	Deletions	Balance June 30, 2021
Governmental activities:				
Nondepreciable:				
Land	\$ 142,165	\$ -	\$ -	\$ 142,165
Depreciable:				
Buildings and improvements	14,369,902	-	-	14,369,902
Accumulated depreciation	(13,873,831)	(478,987)	-	(14,352,818)
Total depreciable, net	496,071	(478,987)	-	17,084
Total governmental activities	\$ 638,236	\$ (478,987)	\$ -	\$ 159,249
Business-type activities:				
Nondepreciable:				
Land	\$ 1,470,223	\$ -	\$ -	\$ 1,470,223
Construction in progress	34,411	20,240	-	54,651
Total nondepreciable	1,504,634	20,420	-	1,524,874
Depreciable:				
Buildings and improvements	15,537,679	-	-	15,537,679
Equipment	22,100	-	-	22,100
Total depreciable	15,559,779	-	-	15,559,779
Accumulated depreciation	(5,323,102)	(323,581)	-	(5,646,683)
Total depreciable, net	10,236,677	(323,581)	-	9,913,096
Total business-type activities	\$ 11,741,311	\$ (303,341)	\$ -	\$ 11,437,970

6. Lease Receivable

The Authority has executed a capital lease agreement with Koochenvagner's Brewing Co. (d/b/a Stone Brewing Co.) for land, building, and equipment. The capital lease has a value of \$34,805,326 at June 30, 2021, which equals the total of future minimum payments under the lease terms, which is \$1,740,266 annually over the term of the lease which extends through June 2041. The financial statements include unearned income of \$14,702,741 related to unearned interest on the capital lease receivable.

(Continued)

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

6. Lease Receivable (Continued)

The following lists the components of the net investment in lease receivable at June 30, 2021:

	<u>Minimum Lease Payments</u>	<u>Less Unearned Revenue</u>	<u>Net Investment</u>
Current portion	\$ 1,740,266	\$ (1,208,814)	\$ 531,452
Noncurrent portion	<u>33,065,060</u>	<u>(13,493,927)</u>	<u>19,571,133</u>
	<u>\$ 34,805,326</u>	<u>\$ (14,702,741)</u>	<u>\$ 20,102,585</u>

7. Commitments and Contingencies

The Authority has executed performance agreements with certain local businesses on behalf of the City, which contain capital investment and employment goals. Upon completion of the specific requirements, the grant funds are awarded as stated in the performance agreements. At June 30, 2021, the Authority has outstanding performance agreements of approximately \$4,879,843 pending the accomplishment of the goals contained in the performance agreements. The Authority has received grant funds totaling \$1,697,095 from the City that have not yet been approved for distribution to the local businesses and thus are included in the Authority's restricted net position balance at June 30, 2021, along with other restricted revenue sources.

8. Loans Program Receivables

Commercial Area Revitalization Effort

The Commercial Area Revitalization Effort (CARE) is a loan and rebate program created by the City's Office of Economic Development and the Authority, which is designed to revitalize and return economic viability to older neighborhood commercial strips. The loan program provides for three different types of loans to eligible borrowers. CARE loans are classified as minor (less than \$125,000), moderate (\$125,000-\$200,000), and substantial (more than \$200,000). Minor loans have a 90% Authority, 10% minimum owner equity financing structure. For the substantial and moderate loans, a private loan of 50% of the requested loan amount must be obtained prior to the Authority's approval of an additional 40%, leaving a minimum 10% owner equity. The Authority has a second secured position in the moderate and substantial loans. The rebate program is designed to revitalize and return economic viability to older neighborhood districts, primarily in low and moderate-income communities. The Authority will rebate up to certain percentages and dollar amounts of renovation and improvement expenses incurred for exterior and interior rehabilitation, security improvements, and the connection of a water lateral line and or the installation of a sprinkler system.

At June 30, 2021, the carrying value of loans receivable from the CARE program was \$134,968, less an uncollectible allowance of \$13,467. The fair value of these loans is not readily determinable. The Authority administered rebates in the amount of \$84,699 during the year ended June 30, 2021.

(Continued)

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

8. Loans Program Receivables (Continued)

Contractor Assistance Program

The Contractor Assistance Program (CAP) is a loan program created by City Council and administered by the City's Office of Economic Development and the Authority, which is designed to provide working capital, equipment financing, receivables financing and other qualifying uses that will support the delivery of goods or services that further the purpose of the CAP. The loan program provides loans to eligible borrowers of up to \$100,000 with varying amortizations and interest rates from 4% to 9% per annum depending on the overall credit rating of the transaction.

At June 30, 2021, the carrying value of loans receivable from the CAP program was \$177,634, less an uncollectible allowance of \$63,225. The fair value of these loans is not readily determinable.

Economic Development and Housing Loan Fund

During 2013, the Economic Development and Housing Loan Fund (EDHLF) was implemented for the purpose of providing financing to local developers and small businesses pursuing Section 108 eligible projects which meet one of the Community Development Block Grant National Objectives: to facilitate large real estate economic development projects, the creation of affordable housing and other special use projects that benefit low and moderate income persons, prevent or eliminate slums or blight, create or retain jobs and provide area benefits in the City's commercial corridors and residential neighborhoods.

During the fiscal year 2013, the City had drawn down the approved loan from the United States Department of Housing and Urban Development (HUD) in the amount of \$10,125,000 and transferred the proceeds to the Authority. At June 30, 2021, approximately eight million in loans had been granted from these funds, and the carrying value of the loans was \$8,191,066 which did not include a fee income receivable, less an uncollectible allowance of \$114,748.

Revolving Loan Program

The Citywide Revolving Loan Program (RLP) is a loan program created by City Council and administered by the City's Office of Economic Development and the Authority, which is designed to provide capital for property and land acquisition, infrastructure costs, construction, rehabilitation, working capital, machinery and equipment purchases, leasehold improvements and any other use that meets the Department of Housing and Urban Development's national objectives. The loan program provides loans to eligible borrowers of up to \$250,000 with amortizations of up to 20 years and interest rates that can vary from 3% to 9% per annum depending on the overall credit rating of the transaction.

At June 30, 2021, the carrying value of loans receivable from the RLP program was \$904,821, less an uncollectible allowance of \$146,359. The fair value of these loans is not readily determinable.

(Continued)

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

9. Loans Program Receivables (Continued)

Enterprise Zone Incentive Loans

During 1996, the Enterprise Zone Incentive Loan (EZIL) program was implemented to provide City incentives through the Authority to worthy businesses. These incentives were designed to encourage investment and job creation by new or existing businesses within the City's enterprise zones.

The EZIL Program is no longer being funded by the City. During the year ended June 30, 2011, all remaining loans receivable from the EZIL program were written off. The fund remains open to collect residual loan recovery payments. There were no recoveries from loans previously written off during the year ended June 30, 2021.

10. Conduit Debt

The Authority can authorize the issuance of revenue bonds for the purpose of obtaining and constructing facilities. Such debt is payable solely from the revenues derived from structured liens or pass-through leases of the facilities constructed for the related enterprises. Collections of revenues pledged to liquidate the bonds are assigned to a trustee. Such debt does not constitute a debt or pledge of the faith and credit of the Authority, the Commonwealth of Virginia or any political subdivision thereof. Accordingly, such debt and related assets are not presented in the financial statements.

11. Related Party Transactions

Loan Fund

The Authority has received funds from the City for programs that are not administered by the Authority. As a result, these are reported as Due to the City on the statement of net position. These funds total \$57,439 as of June 30, 2021.

The Authority receives bookkeeping services from a third-party CPA firm. During 2000, the Authority, through the CARE program, loaned the CPA firm \$125,000. Under the original terms of this loan, interest only payments were required until May 2016 at which time the principal was due in full; however, this loan was refinanced during the year-ended June 30, 2017, to a term loan with principal and interest over a twenty year amortization with a five year balloon payment due May 2022. The loan balance was \$102,212 at June 30, 2021.

(Continued)

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

11. Related Party Transactions (Continued)

Operating Fund

During the year ended June 30, 2021, the Authority received \$678,037 in economic development incentives from the City to be passed on to approved businesses in accordance with the terms of performance agreements. Incentive grants of \$1,519,084 were paid out during the year. Prior to 2021, the Authority received pass-through incentives from the City in excess of the terms of the related performance agreements of \$30,000, which is included in Due to the City on the statement of net position. Additionally, prior to 2021, the Authority made City-approved disbursements in excess of receipts of \$119,692. This is included in Due from the City on the statement of net position along with other amounts totaling \$800.

During the year ended June 30, 2021, the Authority received a total of \$5,719,273 in Coronavirus Aid, Relief, and Economic Security (CARES) Act pass-through grant funds from the City. A total of \$5,371,233 was expended in the form of grants to businesses within the City impacted by COVID-19. The remaining unspent funds of \$348,039 are reflected as unearned grant revenue on the statement of net position.

During the year ended June 30, 2021, the City approved \$1,000,000 in CARES grant funds to be allocated to the Authority for the purpose of forgiving small business disaster loans. During the year, a total of \$923,920 in loans were issued and as of June 30, 2021, the Authority had received a total of \$304,806 from the City. The remaining balance of \$619,114 is reflected as a balance due from the City on the statement of net position.

Additionally, during the year ended June 30, 2021, the Authority received \$500,000 in local (non-federal) funding from the City for the purpose of aiding in overall recovery for local businesses. The Authority awarded \$127,374 of these funds to local businesses during the year and the remaining \$372,626 is included in restricted net position at June 30, 2021.

Prior to 2021, the Authority has received from the City \$550,000 in funding for a Façade Improvement Grant Program. Grants of \$492,505 were awarded under this program in prior years and \$15,000 was awarded during the year ended June 30, 2021. These grants are included in other operating expenses on the statement of revenues, expenses and changes in net position. The remaining balance of \$42,495 is classified as restricted net position on the statement of net position.

12. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years.

(Continued)

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

13. Recoverable Grant Payable

Amounts noted as a recoverable grants payable are amounts payable to the City of Richmond. The funds were received from the City and were used for developing the Leigh Street and Stone Brewing projects. Funds must be paid back to the City in an amount equal to the initial outlay at the conclusion of the project. There have been no agreements or terms developed by the Authority or the City regarding repayment of the Leigh Street Fund grant payable. During 2017, the terms of the Stone Brewing project grant payable were determined and are as follows:

Recoverable grant payable to the City of Richmond of \$23,000,000 due in annual installments of varying amounts and at various interest rates through June 1, 2041; interest payable semi-annually at rates ranging 3% to 4%. \$ 19,825,000

Activity in long-term recoverable grants payable for fiscal year 2021 follows:

	<u>Balance June 30, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>	<u>Amount Due Within One Year</u>
Leigh Street Fund	\$ 7,500,000	\$ -	\$ (500,000)	\$ 7,000,000	\$ -
Stone Brewery Fund	<u>20,510,000</u>	<u>-</u>	<u>(685,000)</u>	<u>19,825,000</u>	<u>710,000</u>
	<u>\$ 28,010,000</u>	<u>\$ -</u>	<u>\$ (1,185,000)</u>	<u>\$ 26,825,000</u>	<u>\$ 710,000</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 710,000	\$ 731,412	\$ 1,441,412
2023	730,000	710,113	1,440,113
2024	750,000	688,212	1,438,212
2025	775,000	665,713	1,440,713
2026	795,000	642,462	1,437,462
2027-2031	4,390,000	2,800,739	7,190,739
2032-2036	5,265,000	1,927,562	7,192,562
2037-2041	<u>6,410,000</u>	<u>789,200</u>	<u>7,199,200</u>
	<u>\$ 19,825,000</u>	<u>\$ 8,955,413</u>	<u>\$ 28,780,413</u>

(Continued)

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

14. Adoption of New Accounting Standard and Restatement

The Authority has implemented GASB Statement No. 84, *Fiduciary Activities*, in these financial statements for the year ended June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As a result of this implementation, loan activity administered on behalf of the City which was previously reported as fiduciary activity, is now reported in the activity of a business-type activities fund. Business-type activity balances as of the beginning of the year have been restated as follows:

	Previously Reported June 30, 2020	Restatement	As Restated June 30, 2020
Cash and cash equivalents	\$ 6,789,509	\$ 5,318,826	\$ 12,108,335
Nondepreciable capital assets	1,504,634	-	1,504,634
Depreciable capital assets	15,537,679	22,100	15,559,779
Less, accumulated depreciation	(5,301,002)	(22,100)	(5,323,102)
Other assets	<u>21,302,042</u>	<u>9,274,337</u>	<u>30,576,379</u>
Total assets	<u>\$ 39,832,862</u>	<u>\$ 14,593,163</u>	<u>\$ 54,426,025</u>
Liabilities	\$ 28,472,100	\$ 95,649	\$ 28,567,749
Net position	<u>11,360,762</u>	<u>14,497,514</u>	<u>25,858,276</u>
Total liabilities and net position	<u>\$ 39,832,862</u>	<u>\$ 14,593,163</u>	<u>\$ 54,426,025</u>

15. COVID-19 Uncertainty

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Authority’s operations are heavily dependent on financial support from the City. The outbreak could continue materially having an adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation could depress the tax bases and other areas in which the City received revenue in future years to come, which could impact the Authority. As such, the Authority’s financial condition and liquidity could be negatively impacted in future fiscal years.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Authority’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the continued daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for future fiscal years.

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S 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 Honorable Members of the Board of Directors
Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Board, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, business-type activities and each major fund of the Economic Development Authority of the City of Richmond, Virginia (the "Authority") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 18, 2021.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2021-001 through 2021-003 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs, as item 2021-004.

Authority's Responses to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs in each findings *Views of Responsible Officials and Planned Corrective Action* section.

The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 18, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIREMENTS REQUIRED BY UNIFORM GUIDANCE**

To the Honorable Members of the Board of Directors
Economic Development Authority of the City of Richmond, Virginia
(A Component Unit of the City of Richmond, Virginia)
Richmond, Virginia

Report on Compliance for Each Major Federal Program

We have audited the Economic Development Authority of the City of Richmond, Virginia's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2021. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, the terms, and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Report on Compliance for Each Major Federal Program (Continued)

Opinion on Each Major Federal Program

In our opinion, the Economic Development Authority of the City of Richmond, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Economic Development Authority of the City of Richmond, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 18, 2021

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Passed Through to Subrecipients	Federal Expenditures
DEPARTMENT OF TREASURY			
Pass Through Payments:			
City of Richmond, Virginia			
COVID-19 - Coronavirus Relief Fund	21.019	n/a	<u>\$ 6,295,153</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying schedule of federal expenditures includes the activity of all federally assisted programs of the Economic Development Authority of the City of Richmond, Virginia and is presented on the modified accrual basis of accounting, as described in Note 1 to the Authority's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

2. De Minimis Indirect Cost Rate

The Authority did not elect to use the 10% de minimis indirect cost rate.

3. Outstanding Loan Balances

At June 30, 2021, the Authority had no outstanding loan balances requiring continuing disclosure.

**ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)**

**SUMMARY OF COMPLIANCE MATTERS
June 30, 2021**

As more fully described in the Independent Auditor's 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*, we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Cash and Investment Laws
Conflicts of Interest Act
Procurement Laws
Uniform Disposition of Unclaimed Property Act

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. Three significant deficiencies relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were disclosed.
4. No significant deficiencies related to the audit of major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance.
5. The auditor's opinion on compliance for the major federal award program was an unmodified opinion.
6. The audit disclosed no audit findings relating to the major program.
7. The program tested as major was:

Name of Program	CFDA #
COVID-19 - Coronavirus Relief Fund	21.019

8. The threshold for distinguishing Type A and Type B programs was \$750,000.
9. The Authority was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

2021-001: Internal Control Over Outstanding Checks (Significant Deficiency)

Condition:

During our testing of bank reconciliations, we noted two instances of inaccurately stated outstanding checks - one check was recorded on the outstanding check list for an amount that did not agree with the check that was issued. Additionally, we noted a check had been voided; however, the financial reporting system did not capture that void and it was still reported erroneously as a reduction to cash at year end.

Criteria:

Processes and procedures should be improved to ensure checks are not modified after they are issued and that voided checks are immediately captured in the financial reporting system.

(Continued)

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

B. FINDINGS - FINANCIAL STATEMENT AUDIT (Continued)

2021-001: Internal Control Over Outstanding Checks (Significant Deficiency) (Continued)

Cause:

Processes and procedures are not designed to prevent checks from being modified after they are issued and to ensure voided checks are immediately captured in the financial reporting software. These incidents were isolated to the Loan Program fund.

Effect:

Cash was incorrectly reported at year-end.

Recommendation:

We recommend that processes and procedures be improved and implemented, to include relevant controls, to ensure checks are not modified after they are issued and that voided checks are immediately captured in the financial reporting system.

Views of Responsible Officials and Planned Corrective Action:

A check was issued for an incorrect amount. When the error was identified, the check was voided and a new check with the correct amount was issued. The sequence of events for these transaction started at the end of Fiscal Year 2021. The voided check was not received back to the Authority until after the start of Fiscal Year 2022 and all of the appropriate journal entries were made. Management will commence issuing checks using a financial reporting software. It is important to note that the finding listed have been corrected and appropriate adjustments are included in the audited financial statements.

2021-002: Internal Controls Over Journal Entries (Significant Deficiency)

Condition:

During our audit, we noted erroneously posted general journal entries involving loan accounts.

Criteria:

The Authority should ensure that there is a formal review of journal entries for loan accounts and that journal entries are appropriately reviewed to ensure the posting is error free.

Cause:

There is a lack of a formal review process over the posting, review, and approval of manual adjustments involving loan accounts.

Effect:

Financial reports could be materially misstated.

(Continued)

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

B. FINDINGS - FINANCIAL STATEMENT AUDIT (Continued)

2021-002: Internal Controls Over Journal Entries (Significant Deficiency) (Continued)

Recommendation:

We recommend that a formal review of all journal entries for the loan accounts be completed. We also recommend that review and approval of all entries for the loan accounts be formally documented.

Views of Responsible Officials and Planned Corrective Action:

The erroneously posted journal entry that was identified was for a service charge on interest for a loan account. Management has historically reconciled journal entries for loan accounts. There is now a formal review process in place for journal entries for loan accounts.

2021-003: Internal Controls Over Year End Balance Reconciliations (Significant Deficiency)

Condition:

During our audit, we noted several account balances were incorrectly stated which required a significant number of audit adjustments to correct. Reconciliations for some receivable and payable accounts were not readily available.

Criteria:

The Authority should ensure processes and procedures be developed and implemented to ensure an open channel of communication between management and accounting staff so that Authority activity is appropriately recorded and reported.

Cause:

There is not a standing fixed monthly schedule for reconciling all accounts, regardless of activity level.

Effect:

Balances and activity in financial reports were misstated.

Recommendation:

We recommend that processes and procedures be development and implemented to ensure that all general ledger accounts are reconciled monthly by management and accounting staff regardless of activity level so that Authority activity is appropriately recorded and reported.

Views of Responsible Officials and Planned Corrective Action:

Management and accounting staff will update procedures to prepare, review, and reconcile all accounts on a monthly basis regardless of activity level.

C. FINDINGS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None noted.

(Continued)

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA
(A Component Unit of the City of Richmond, Virginia)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

D. FINDINGS - COMMONWEALTH OF VIRGINIA

2021-004: Conflicts of Interest

Condition:

During our testing of the conflicts of interest, there was one instance where a form was filed after the February 1, 2021, deadline.

Criteria:

The Authority should ensure that all Board members file their disclosure forms timely.

Cause:

The late filing was due to the Board member not turning in the disclosure form on time.

Effect:

The Authority is not in compliance with the *Code of Virginia*.

Recommendation:

We recommend that the Authority put in necessary controls to ensure that all Board members file forms timely.

Views of Responsible Officials and Planned Corrective Action:

Management is implementing a report to show “Percent Complete” for all required filing and training requirements.

E. STATUS OF PRIOR YEAR COMPLIANCE FINDINGS

2020-001: Internal Controls Over Cash (Significant Deficiency in Internal Controls)

Condition

During our audit procedures over cash, we noted the following:

- Due to transition in board leadership, there were several accounts that could not be confirmed as the current Treasurer was not listed as an authorized check signer. We recommend that the current Treasurer be listed as the authorized check signer on all of the Authority’s bank accounts;
- There is no formal review of cash reconciliations noted during walkthroughs of internal controls over cash; and
- There was a total of \$75,833 in checks outstanding that were issued prior to year-end but had not cleared the bank related to the small business disaster loans. However, the checks were not reflected in the trial balance for the loan receivable and cash balance as of June 30, 2020.

(Continued)

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

E. STATUS OF PRIOR YEAR COMPLIANCE FINDINGS (Continued)

2020-001: Internal Controls Over Cash (Significant Deficiency in Internal Controls) (Continued)

Recommendation:

We recommended that a thorough inventory of authorized individuals be taken on all accounts to ensure that access only rests with the most appropriate individuals. We also recommend that checks that are issued are provided to the third party accountant so that the records can be appropriately updated. Additionally, we recommend that bank statements and reconciliations be reviewed on a timely basis.

Current Status

There are still some issues with internal control over cash in the current year; see 2021-001.

2020-002: Conflicts of Interest

Condition

During our testing of the conflicts of interest, there was one instance where one of the Board members did not complete and submit his disclosure for the two deadlines, February 2, 2020 and August 1, 2020. Also, there was another instance where one Board member filed her disclosure form after the August 1, 2020 deadline.

Recommendation

We recommended that Authority put in necessary controls to ensure that all Board members file necessary disclosure forms and that forms are filed timely.

Current Status:

This is still a finding in the current year; see 2021-004.