



**Economic Development Authority of  
the City of Richmond, Virginia  
(A Component Unit of the City of  
Richmond, Virginia)**

**Financial Report**

June 30, 2025

Economic Development Authority of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)

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## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinions*

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, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2025, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Economic Development Authority of the City of Richmond, Virginia, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management, and, 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2025, 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia  
September 21, 2025

# 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, 2025

Management's Discussion and Analysis of the financial performance of the Economic Development Authority of the City of Richmond, Virginia (the "Authority") provides an overview of the financial activities for the year ended June 30, 2025. 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, managed the operations of the training facility on Leigh Street through August 2024, and leases certain property under a capital lease arrangement for the operation and future expansion of a brewery. The City assumed the training facility on Leigh Street at the end of August 2024. 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:

	Governmental Activities		Business-Type Activities		Total	
	6/30/2025	6/30/2024	6/30/2025	6/30/2024	6/30/2025	6/30/2024
<b>Assets:</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 62,037,988	\$ 50,188,977	\$ 62,037,988	\$ 50,188,977
Capital assets, net	142,165	142,165	64,412,401	12,071,980	64,554,566	12,214,145
Property held for sale	-	-	13,817,438	16,966,867	13,817,438	16,966,867
Other assets	-	-	36,071,067	29,870,552	36,071,067	29,870,552
<b>Total assets</b>	<b>\$ 142,165</b>	<b>\$ 142,165</b>	<b>\$ 176,338,894</b>	<b>\$ 109,098,376</b>	<b>\$ 176,481,059</b>	<b>\$ 109,240,541</b>
<b>Liabilities:</b>						
Current and other liabilities	\$ -	\$ -	\$ 9,626,974	\$ 4,031,611	\$ 9,626,974	\$ 4,031,611
Noncurrent liabilities	-	-	52,899,220	61,163,503	52,899,220	61,163,503
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 62,526,194</b>	<b>\$ 65,195,114</b>	<b>\$ 62,526,194</b>	<b>\$ 65,195,114</b>
<b>Net position</b>	<b>142,165</b>	<b>142,165</b>	<b>113,812,700</b>	<b>43,903,262</b>	<b>113,954,865</b>	<b>44,045,427</b>
<b>Total liabilities and net position</b>	<b>\$ 142,165</b>	<b>\$ 142,165</b>	<b>\$ 176,338,894</b>	<b>\$ 109,098,376</b>	<b>\$ 176,481,059</b>	<b>\$ 109,240,541</b>

There was an increase in cash and cash equivalents of \$11,849,011 primarily due to the sale of the Phase 1A property to Diamond District Partners for the mixed-use development constructed as part of the Diamond District project.

There was an increase in net capital assets of \$52,340,421, primarily due to the construction of the new baseball stadium.

There was a decrease in property held for sale of \$3,149,429, due to the sale of the Phase 1A property.

There was an increase in other assets of \$6,200,515, which is primarily due to the balance owed from the City at June 30, 2025, to reimburse the Authority for stadium costs.

There was an increase in current liabilities and other liabilities of \$5,595,363, primarily due to the balance owed by the Authority to Navigators Baseball, LP for June 2025 stadium construction costs.

There was a decrease in noncurrent liabilities due to forgiveness of the \$6,795,000 owed to the City as a result of the transfer of the training facility on Leigh Street to the City in August 2024, and the transfer of a \$1,469,283 lease liability to the City in conjunction with the transfer of the Leigh St. training facility.

### *Government-Wide Statement of Activities*

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

# 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, 2025

	Governmental Activities		Business-Type Activities		Total	
	6/30/2025	6/30/2024	6/30/2025	6/30/2024	6/30/2025	6/30/2024
Revenues:						
Grant from the City of Richmond	\$ -	\$ -	\$ 4,580,333	\$ 4,271,515	\$ 4,580,333	\$ 4,271,515
Rental income	-	-	112,247	789,090	112,247	789,090
Loan administration fees	-	-	92,901	112,000	92,901	112,000
Bond and other fees	-	-	-	20,000	-	20,000
Loan program income	-	-	445,022	418,158	445,022	418,158
Interest on notes receivable	-	-	1,205,308	1,056,651	1,205,308	1,056,651
Other	-	-	73,436,638	2,035,302	73,436,638	2,035,302
Total revenues	-	-	79,872,449	8,702,716	79,872,449	8,702,716
Expenses:						
Economic development incentives	-	-	2,233,230	1,081,515	2,233,230	1,081,515
Building operations and maintenance	-	-	74,163	321,383	74,163	321,383
Depreciation	-	-	106,704	395,678	106,704	395,678
Interest	-	-	2,311,717	731,307	2,311,717	731,307
Other	-	-	5,237,197	2,363,216	5,237,197	2,363,216
Total expenses	-	-	9,963,011	4,893,099	9,963,011	4,893,099
Change in net position	\$ -	\$ -	\$ 69,909,438	\$ 3,809,617	\$ 69,909,438	\$ 3,809,617

Grant revenue from the City and other grants was more prior year due by \$308,818 due to more funds being paid out on economic incentive grants in the current year versus the prior year. This was offset by \$160,000 for the Hull Street Façade Program returned to the City due to the program not performing as anticipated. The economic development incentives expense increased by \$1,151,715 in the current fiscal year. This was due to an increase of \$588,527 in payments for the Authority's economic incentive grants in the current year versus the prior year. There was an additional \$413,188 that was owed at June 30, 2025 to grant recipients that was not paid out by the Authority. The Authority also paid \$150,000 grant paid for the Small Business Capital Access Program during the current fiscal year.

There was an increase in other revenue of \$71,401,336 primarily due contributions from the City to the Authority to reimburse the cost to build the new baseball stadium of \$61,840,660. A gain of \$9,886,439 was recognized on the sale of Phase 1A property to the Diamond District Developers.

There was an increase in interest expense of \$1,580,410 due to the interest expense on the Authority's bonds that were issued in the prior year.

Other expenses increased by \$2,873,981 due to the contribution of the training facility to the City in August 2024.

The Authority has maintained 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. The Authority can reasonably expect that its costs will continue to be covered.

### *Accomplishments and Economic Outlook*

During the fiscal year that ended June 30, 2025, the Authority supported the work of the City's Department of Economic Development to attract over \$409 million in announced capital investment and 350 announced new jobs to the City. The Authority's administration of both local and state discretionary performance incentives assists in making these accomplishments possible.

### Highlights:

# **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, 2025**

- The City celebrated the groundbreaking of CarMax Stadium, which is on schedule for completion for the Flying Squirrel's 2026 season. Additionally, construction of the infrastructure that will support the new stadium and planned mixed-use development in the Diamond District is also underway.
- Governor Glenn Youngkin announced that Haleon, a leading global consumer health company, will invest \$54.2 million to upgrade its research & development facility in the City of Richmond. The modernization will enable the company to accommodate innovative technologies and expand its research capabilities.
- The City and the Authority celebrated the opening of the Richmond Riverfront Performing Arts Venue, a 7,500-person capacity amphitheater on the Downtown riverfront.
- The Authority partnered with Dominion Energy, Altria, the Metropolitan Business League, Bridging Virginia, and the City to provide grants to small businesses severely impacted by the January water outage. Through the program, 117 small businesses received grants, and the program won an IEDC award for Excellence in Economic Development in the " Recovery, Resiliency, and Mitigation" category.

Looking to FY2026, the Authority will continue to support economic development efforts across the City through supporting key, transformational redevelopment projects and commercial corridor revitalization, partnering to advance affordable housing projects, encouraging small business and entrepreneurship through its incentives and loan programs, and helping Richmond attract and retain businesses.

### *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**

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**Economic Development Authority of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Statement of Net Position  
June 30, 2025**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents (Note 4)	\$ -	\$ 29,539,718	\$ 29,539,718
Restricted cash (Note 4)	-	32,498,270	32,498,270
Rent receivable	-	77,027	77,027
Due from the City (Note 12)	-	6,804,467	6,804,467
Interfund balances	-	1,240,605	1,240,605
Prepaid expenses	-	11,271	11,271
Financed purchase notes receivable, current portion (Note 5)	-	632,395	632,395
Total current assets	<u>-</u>	<u>70,803,753</u>	<u>70,803,753</u>
<b>NONCURRENT ASSETS</b>			
Nondepreciable capital assets (Note 6)	142,165	64,281,034	64,423,199
Depreciable capital assets, net (Note 6)	-	131,367	131,367
Property held for sale (Note 7)	-	13,817,438	13,817,438
Financed purchase notes receivable, less current portion (Note 5)	-	17,452,081	17,452,081
Loans receivable, net (Note 10)	-	7,669,756	7,669,756
Accrued interest receivable	-	2,183,465	2,183,465
Total noncurrent assets	<u>142,165</u>	<u>105,535,141</u>	<u>105,677,306</u>
Total assets	<u><b>\$ 142,165</b></u>	<u><b>\$ 176,338,894</b></u>	<u><b>\$ 176,481,059</b></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ -	\$ 6,829,596	\$ 6,829,596
Due to the City (Note 12)	-	14,205	14,205
Interfund balances	-	1,240,605	1,240,605
Accrued interest payable	-	188,689	188,689
Maintenance reserve	-	142,691	142,691
Deferred revenue	-	416,188	416,188
Current portion of recoverable grant payable (Note 14)	-	795,000	795,000
Total current liabilities	<u>-</u>	<u>9,626,974</u>	<u>9,626,974</u>
<b>NONCURRENT LIABILITIES</b>			
Recoverable grants payable, long-term (Note 14)	-	16,065,000	16,065,000
Bond payable (Note 15)	-	33,745,000	33,745,000
Premium on bonds	-	3,089,220	3,089,220
Total noncurrent liabilities	<u>-</u>	<u>52,899,220</u>	<u>52,899,220</u>
Total liabilities	<u>-</u>	<u>62,526,194</u>	<u>62,526,194</u>
<b>NET POSITION</b>			
Net investment in capital assets	142,165	57,607,904	57,750,069
Restricted	-	10,495,069	10,495,069
Unrestricted	-	45,709,727	45,709,727
Total net position	<u>142,165</u>	<u>113,812,700</u>	<u>113,954,865</u>
Total liabilities and net position	<u><b>\$ 142,165</b></u>	<u><b>\$ 176,338,894</b></u>	<u><b>\$ 176,481,059</b></u>

**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, 2025**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Rental and lease income	\$ -	\$ 112,247	\$ 112,247
Loan administration and other fees	-	92,901	92,901
Loan program income	-	445,022	445,022
Other	-	35,257	35,257
Total operating revenues	<u>-</u>	<u>685,427</u>	<u>685,427</u>
<b>OPERATING EXPENSES</b>			
Personnel	-	762	762
Professional services	-	55,407	55,407
Internet and telephone services	-	1,947	1,947
Building operations and maintenance	-	74,163	74,163
Bad debt expense	-	37,869	37,869
Other	-	1,050,891	1,050,891
Loan administrative fees	-	23,420	23,420
Depreciation	-	106,704	106,704
Total operating expenses	<u>-</u>	<u>1,351,163</u>	<u>1,351,163</u>
Operating loss	<u>-</u>	<u>(665,736)</u>	<u>(665,736)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Grants from the City of Richmond (Note 12)	-	4,580,333	4,580,333
Economic development incentives (Note 12)	-	(2,233,230)	(2,233,230)
Gain on sale of property held for sale (Note 7)	-	9,886,439	9,886,439
Diamond District project costs (Note 9)	-	(1,231,853)	(1,231,853)
Contribution from the City (Note 12)	-	61,840,660	61,840,660
Contributed capital to the City (Note 7)	-	(2,835,048)	(2,835,048)
Interest on notes receivable	-	1,205,308	1,205,308
Interest expense	-	(2,311,717)	(2,311,717)
Interest income	-	1,674,282	1,674,282
Total non-operating revenues	<u>-</u>	<u>70,575,174</u>	<u>70,575,174</u>
Change in net position	<u>-</u>	<u>69,909,438</u>	<u>69,909,438</u>
<b>NET POSITION</b>			
Beginning of year	142,165	43,903,262	44,045,427
End of year	<u>\$ 142,165</u>	<u>\$ 113,812,700</u>	<u>\$ 113,954,865</u>



# **Governmental Fund Financial Statements**

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**Economic Development Authority of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Balance Sheet - Governmental Fund  
June 30, 2025**

	<b>Theater Fund</b>
<b>ASSETS</b>	
CURRENT ASSETS	
Cash and cash equivalents	\$ -
<b>FUND BALANCE</b>	
Unassigned	\$ -

**Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position**

Total fund balance per Governmental Fund 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 fund:	
Capital assets, cost	14,512,067
Accumulated depreciation	(14,369,902)
	142,165
Net position of governmental activities	\$ <b>142,165</b>

**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, 2025**

	<u>Theater Fund</u>
<b>OPERATING REVENUES</b>	
Naming rights fees	\$ -
<b>OPERATING EXPENDITURES</b>	
Restoration grant	-
Change in fund balance	-
<b>FUND BALANCE</b>	
Beginning of year	-
End of year	<u>\$ -</u>

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balance of Governmental Fund to Statement of Activities**

Change in fund balance, total governmental fund	\$ -
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	-
Change in net position of governmental activities	<u>\$ -</u>



# **Enterprise Funds Financial Statements**

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**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, 2025**

	Major Funds				Total
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Loan Fund	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents (Note 4)	\$ 20,455,566	\$ 619,340	\$ 2,658,248	\$ 5,806,564	\$ 29,539,718
Restricted cash and investments (Note 4)	32,498,270	-	-	-	32,498,270
Due from Loan Fund	400	-	-	-	400
Rent receivables	800	27,404	48,823	-	77,027
Due from the City (Note 12)	6,804,467	-	-	-	6,804,467
Due from Stone Brewery Fund	35,900	-	-	-	35,900
Due from Operating Fund	-	1,204,305	-	-	1,204,305
Prepaid expenses	-	-	8,271	3,000	11,271
Financed purchase notes receivable, current portion (Note 5)	9,773	-	622,622	-	632,395
Total current assets	<u>59,805,176</u>	<u>1,851,049</u>	<u>3,337,964</u>	<u>5,809,564</u>	<u>70,803,753</u>
<b>NONCURRENT ASSETS</b>					
Nondepreciable capital assets (Note 6)	62,790,571	868,818	621,645	-	64,281,034
Depreciable capital assets, net (Note 6)	39,530	14,658	77,179	-	131,367
Property held for sale (Note 7)	13,817,438	-	-	-	13,817,438
Financed purchase notes receivable, less current portion (Note 5)	360,866	-	17,091,215	-	17,452,081
Loans receivable, net (Note 10):					
Community Area Revitalization Effort (CARE) Program	11,518	-	-	-	11,518
Contractor Assistance Program (CAP)	-	-	-	43,743	43,743
Economic Development and Housing Loan Fund (EDHLF) Program	-	-	-	6,877,703	6,877,703
Revolving Loan Program (RLP)	-	-	-	736,792	736,792
Accrued interest receivable	10,971	-	-	2,172,494	2,183,465
Total noncurrent assets	<u>77,030,894</u>	<u>883,476</u>	<u>17,790,039</u>	<u>9,830,732</u>	<u>105,535,141</u>
Total assets	<u><b>\$136,836,070</b></u>	<u><b>\$ 2,734,525</b></u>	<u><b>\$ 21,128,003</b></u>	<u><b>\$ 15,640,296</b></u>	<u><b>\$176,338,894</b></u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 6,826,647	\$ 2,949	\$ -	\$ -	\$ 6,829,596
Due to the City (Note 12)	-	11,115	-	3,090	14,205
Due to Leigh Street Fund	1,204,305	-	-	-	1,204,305
Due to Operating Fund	-	-	35,900	400	36,300
Accrued interest payable	135,454	-	53,235	-	188,689
Maintenance reserve	-	142,691	-	-	142,691
Other current liabilities	416,188	-	-	-	416,188
Current portion of recoverable grants payable (Note 14)	-	-	795,000	-	795,000
Total current liabilities	<u>8,582,594</u>	<u>156,755</u>	<u>884,135</u>	<u>3,490</u>	<u>9,626,974</u>
<b>NONCURRENT LIABILITIES</b>					
Recoverable grants payable, long-term (Note 14)	-	-	16,065,000	-	16,065,000
Bonds payable (Note 15)	33,745,000	-	-	-	33,745,000
Premium on bonds	3,089,220	-	-	-	3,089,220
Total noncurrent liabilities	<u>36,834,220</u>	<u>-</u>	<u>16,065,000</u>	<u>-</u>	<u>52,899,220</u>
Total liabilities	<u>45,416,814</u>	<u>156,755</u>	<u>16,949,135</u>	<u>3,490</u>	<u>62,526,194</u>

**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, 2025**

	<b>Major Funds</b>				<b>Total</b>
	<b>Operating Fund</b>	<b>Leigh St. Fund</b>	<b>Stone Brewery Fund</b>	<b>Loan Fund</b>	
<b>NET POSITION</b>					
Net investment in capital assets	56,025,604	883,476	698,824	-	57,607,904
Restricted	4,699,316	-	-	5,795,753	10,495,069
Unrestricted	30,694,336	1,694,294	3,480,044	9,841,053	45,709,727
Total net position	<u>91,419,256</u>	<u>2,577,770</u>	<u>4,178,868</u>	<u>15,636,806</u>	<u>113,812,700</u>
Total liabilities and net position	<u><b>\$136,836,070</b></u>	<u><b>\$ 2,734,525</b></u>	<u><b>\$ 21,128,003</b></u>	<u><b>\$ 15,640,296</b></u>	<u><b>\$176,338,894</b></u>

**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, 2025**

	Major Funds				Total
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Loan Fund	
<b>OPERATING REVENUES</b>					
Rental and lease income	\$ -	\$ 112,247	\$ -	\$ -	\$ 112,247
Loan administration and other fees	92,000	-	-	901	92,901
Loan program income	-	-	-	445,022	445,022
Event and other income	12,753	22,504	-	-	35,257
Total operating revenues	<u>104,753</u>	<u>134,751</u>	<u>-</u>	<u>445,923</u>	<u>685,427</u>
<b>OPERATING EXPENSES</b>					
Personnel	762	-	-	-	762
Professional services	55,407	-	-	-	55,407
Internet and telephone services	-	1,947	-	-	1,947
Building operations and maintenance	-	74,163	-	-	74,163
Bad debt expense	-	-	-	37,869	37,869
Other	986,196	4,710	28,635	31,350	1,050,891
Loan administrative fees	-	-	-	23,420	23,420
Depreciation and amortization	44,950	59,663	2,091	-	106,704
Total operating expenses	<u>1,087,315</u>	<u>140,483</u>	<u>30,726</u>	<u>92,639</u>	<u>1,351,163</u>
Operating (loss) income	<u>(982,562)</u>	<u>(5,732)</u>	<u>(30,726)</u>	<u>353,284</u>	<u>(665,736)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Grants from the City of Richmond (Note 12)	4,580,333	-	-	-	4,580,333
Economic development incentives (Note 12)	(2,233,230)	-	-	-	(2,233,230)
Gain on sale of property held for sale (Note 7)	9,886,439	-	-	-	9,886,439
Diamond District project costs (Note 9)	(1,231,853)	-	-	-	(1,231,853)
Contribution from the City (Note 12)	61,840,660	-	-	-	61,840,660
Contributed capital to the City (Note 7 & 12)	-	(2,835,048)	-	-	(2,835,048)
Interest on notes receivable	12,539	-	1,192,769	-	1,205,308
Interest expense	(1,643,510)	(8,199)	(660,008)	-	(2,311,717)
Interest income	1,548,579	66	20,664	104,973	1,674,282
Total nonoperating revenues (losses)	<u>72,759,957</u>	<u>(2,843,181)</u>	<u>553,425</u>	<u>104,973</u>	<u>70,575,174</u>
Income (loss) before transfers	<u>71,777,395</u>	<u>(2,848,913)</u>	<u>522,699</u>	<u>458,257</u>	<u>69,909,438</u>
Transfers in (out)	828,450	-	-	(828,450)	-
Change in net position	<u>72,605,845</u>	<u>(2,848,913)</u>	<u>522,699</u>	<u>(370,193)</u>	<u>69,909,438</u>
<b>NET POSITION</b>					
Beginning of year	18,813,411	5,426,683	3,656,169	16,006,999	43,903,262
End of year	<u>\$ 91,419,256</u>	<u>\$ 2,577,770</u>	<u>\$ 4,178,868</u>	<u>\$ 15,636,806</u>	<u>\$113,812,700</u>

**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, 2025**

	Major Funds				Total
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Loan Fund	
<b>OPERATING ACTIVITIES</b>					
Receipts from rentals	\$ -	\$ 121,977	\$ -	\$ -	\$ 121,977
Receipts from loan administration	92,000	-	-	901	92,901
Issuance of loans	(22,489)	-	-	(250,000)	(272,489)
Receipts from loan repayments	-	-	-	450,569	450,569
Receipts from (payments for) other activities	12,753	22,504	-	95,118	130,375
Payments for operating activities	(1,031,161)	(104,236)	(28,405)	(87,449)	(1,251,251)
Net cash (used in) provided by operating activities	(948,897)	40,245	(28,405)	209,139	(727,918)
<b>NONCAPITAL FINANCING ACTIVITIES</b>					
Payment of Diamond District project costs	(1,231,853)	-	-	-	(1,231,853)
Grants and receipts from City of Richmond	4,396,230	21,250	-	-	4,417,480
Economic development incentive payments	(1,820,042)	-	-	-	(1,820,042)
Investment in property held for sale	(1,366,767)	-	-	-	(1,366,767)
Proceeds from the sale of property held for sale	11,907,499	-	-	-	11,907,499
Use of escrows and reserves	-	(10,105)	-	-	(10,105)
Due to / from funds	741	(1,195)	54	-	(400)
Transfers (to) from other funds	828,450	-	-	(828,450)	-
Net cash provided by (used in) noncapital financing activities	12,714,258	9,950	54	(828,450)	11,895,812
<b>INVESTING ACTIVITIES</b>					
Interest received	1,548,579	66	20,664	104,973	1,674,282
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(54,387,450)	(9,465)	-	-	(54,396,915)
Proceeds from City for stadium project	55,036,193	-	-	-	55,036,193
Payments of bond issuance costs	(594,742)	-	-	-	(594,742)
Interest paid	(1,508,056)	-	(661,934)	-	(2,169,990)
Payments received on notes receivable	22,000	-	1,885,289	-	1,907,289
Payments of recoverable grant payable	-	-	(775,000)	-	(775,000)
Net cash (used in) provided by capital and related financing activities	(1,432,055)	(9,465)	448,355	-	(993,165)
Net increase (decrease) in cash and cash equivalents	11,881,885	40,796	440,668	(514,338)	11,849,011
<b>CASH AND CASH EQUIVALENTS</b>					
Beginning of year	41,071,951	578,544	2,217,580	6,320,902	50,188,977
End of year	<u>\$ 52,953,836</u>	<u>\$ 619,340</u>	<u>\$ 2,658,248</u>	<u>\$ 5,806,564</u>	<u>\$ 62,037,988</u>
<b>RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION</b>					
Cash and cash equivalents, current assets	\$ 20,455,566	\$ 619,340	\$ 2,658,248	\$ 5,806,564	\$ 29,539,718
Cash and cash equivalents, restricted	32,498,270	-	-	-	32,498,270
	<u>\$ 52,953,836</u>	<u>\$ 619,340</u>	<u>\$ 2,658,248</u>	<u>\$ 5,806,564</u>	<u>\$ 62,037,988</u>

**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, 2025**

	Major Funds				Total
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Loan Fund	
<b>RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>					
Operating (loss) income	\$ (982,562)	\$ (5,732)	\$ (30,726)	\$ 353,284	\$ (665,736)
Adjustments to reconcile operating (loss) income to cash (used in) provided by operating activities:					
Depreciation and amortization	44,950	59,663	2,091	-	106,704
Bad debt expense	-	-	-	37,869	37,869
Change in current assets and liabilities:					
Receivables	-	9,730	-	(2,520)	7,210
Prepaid expenses	-	-	230	-	230
Loans receivable, net	(22,489)	-	-	200,569	178,080
Accrued interest receivable	-	-	-	(349,904)	(349,904)
Accounts payable	11,204	(23,416)	-	400	(11,812)
Due to (from) City	-	-	-	(30,559)	(30,559)
Net cash (used in) provided by operating activities	<u>\$ (948,897)</u>	<u>\$ 40,245</u>	<u>\$ (28,405)</u>	<u>\$ 209,139</u>	<u>\$ (727,918)</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES</b>					
Contributed capital to the City	<u>\$ -</u>	<u>\$ (2,835,048)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,835,048)</u>
Stadium construction costs accrued at year-end	<u>\$ 6,804,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,804,467</u>

# Economic Development Authority of the City of Richmond, Virginia (A Component Unit of the City of Richmond, Virginia)

## Notes to Financial Statements

June 30, 2025

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### Note 1 – Organization and Purpose

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The Economic Development Authority of the City of Richmond, Virginia (the “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 (the “City”). On April 24, 2006, the City Council revoked the EDA's ability to issue debt until it could be reorganized. On June 26, 2006, the City Council renamed the EDA as the Economic Development Authority of the City of Richmond, Virginia (the “Authority”). On October 9, 2006, the 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.

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### Note 2 – Summary of Significant Accounting Policies

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#### *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 activities 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 and proprietary funds.

#### *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 enterprise fund financial statements. 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.

**Economic Development Authority of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Notes to Financial Statements**

June 30, 2025

*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 St. Fund, the Stone Brewery Fund, and 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.

*Interfund Transactions*

Throughout the year, there are times when expenses are paid by one fund on behalf of another, and these balances are reflected as an interfund balance that is due within one year on the statement of net position. Additionally, during 2024, the Operating Fund received an advance payment from the City for the transfer of the training center for the Leigh St. Fund. That balance is included in the \$1,204,305 interfund balances on the statement of net position.

The interfund transfers of \$828,450 on the statement of revenues, expenses and changes in net position consist of the Commercial Area Revitalization Effort (CARE) loans that were transferred from the Loan Fund to the Operating Fund. See Note 10 for further discussion.

*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
Website	3 years
Land leased – lease asset	51.5 years

*Recoverable Grant Payable*

Recoverable grants payable represents 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.

# Economic Development Authority of the City of Richmond, Virginia (A Component Unit of the City of Richmond, Virginia)

## Notes to Financial Statements

June 30, 2025

### *Leases*

Key estimates and judgements include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts and/or payments to present value, (2) lease term, and (3) lease receipts and or payments.

- The Authority uses an estimated incremental borrowing rate as the discount rate for the lease.
- The lease term includes the noncancellable periods of the lease. Lease receipts and payments are included in the measurement of the lease receivable or liability, respectively, and are composed of fixed payments.
- The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure if certain changes occur that are expected to significantly affect the amount of the lease receivable or liability.

### *Right-of-Use Lease Asset and Related Lease Liability*

The Authority is a lessee for a noncancellable lease of 15.04 acres of land. The Authority recognizes an intangible right-to-use asset (lease asset) and a related lease liability on the government-wide financial statements and enterprise fund financial statements. At the commencement of a lease, the Authority initially measures a lease liability at the present value of payments expected to be made during the lease period. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain direct costs. Subsequent to the initial measurement and recognition, the lease asset is amortized on a straight-line basis over its useful life.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt in the statement of net position.

### *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.

### *Net Position*

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

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## **Note 3 – Significant Activities**

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### *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 in 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

# Economic Development Authority of the City of Richmond, Virginia (A Component Unit of the City of Richmond, Virginia)

## Notes to Financial Statements

June 30, 2025

ownership of the Westhampton School Property to the Authority, which in turn leases it to a third party under a long-term leasing arrangement. The Bon Secours Training Center transferred from the Authority to the City in August 2024. The City assumed all of the related leases with the property at the time of the transfer of the property. The City also forgave the recoverable grant due.

### *Stone Brewery Fund*

The Authority, in collaboration with the City of Richmond and Stone Brewing Co., developed the Stone Brewery facility. The Authority previously entered into certain real estate transactions as well as construction contracts to build the facility. The foregoing was facilitated by certain grants from the State and a recoverable grant from the City of Richmond. During 2016, when construction was completed, the financed purchase notes receivable between the Authority and Stone Brewing Co. became effective. See Note 5.

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## Note 4 – Cash, Cash Equivalents, and Investments

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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.

In June 2024, the Authority issued Series 2024 Revenue Bonds for the Diamond District Project. See Note 15. As of June 30, 2025, the unspent debt proceeds of \$32,498,270 from that issuance were invested as follows:

Type	Fair Value	S&P Credit Rating	Weighted Average Maturity
Cash equivalents:			
Money market funds	\$ 3,144,809	N/A	N/A
Total cash equivalents	<u>3,144,809</u>		
Investment – Level 1:			
U.S. Treasury notes	8,423,663	N/A	0.27 years
Investments reported at amortized cost:			
Virginia State Non-Arbitrage Program	20,929,798	AAAm	1 day
Total investments	<u>29,353,461</u>		
Total cash equivalents and investments	<u><u>\$ 32,498,270</u></u>		

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## Note 5 – Financed Purchase Notes Receivable

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### *Stone Brewery Fund*

The Authority has executed a financed purchase agreement with Stone Brewing Co., LLC for land, building and equipment. The note receivable has a value of \$27,699,238 at June 30, 2025, which is equal to the total future minimum payments under the terms of the agreement, which is \$1,740,266 annually over the term of the note, which extends through June 2041. Interest income to be recognized at 6% over the term of the agreement totals \$9,985,401 at June 30, 2025.

**Economic Development Authority of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Notes to Financial Statements  
June 30, 2025**

The following lists the components of the financed purchase note receivable at June 30, 2025:

	<b>Minimum Note Payments</b>	<b>Less Unearned Revenue</b>	<b>Net Receivable</b>
Current portion	\$ 1,595,244	\$ (972,622)	\$ 622,622
Noncurrent portion	26,103,994	(9,012,779)	17,091,215
	<b>\$ 27,699,238</b>	<b>\$ (9,985,401)</b>	<b>\$ 17,713,837</b>

*Operating Fund*

The Authority has executed a financed purchase agreement with Tobacco Row Land, L.P. for land for a parking facility. The note receivable has a value of \$550,000 at June 30, 2025, which is equal to the total future minimum payments under the terms of the agreement, which is \$22,000 annually over the term of the note, which extends through July 2049. Interest income to be recognized at 3.25% over the term of the agreement totals \$179,361 at June 30, 2025.

The following lists the components of the financed purchase note receivable at June 30, 2025:

	<b>Minimum Note Payments</b>	<b>Less Unearned Revenue</b>	<b>Net Receivable</b>
Current portion	\$ 22,000	\$ (12,227)	\$ 9,773
Noncurrent portion	528,000	(167,134)	360,866
	<b>\$ 550,000</b>	<b>\$ (179,361)</b>	<b>\$ 370,639</b>

**Note 6 – Capital Assets**

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

	<b>Balance July 1, 2024</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2025</b>
<b>Governmental activities:</b>				
Nondepreciable:				
Land	\$ 142,165	\$ -	\$ -	\$ 142,165
Depreciable:				
Buildings and improvements	14,369,902	-	-	14,369,902
Accumulated depreciation	(14,369,902)	-	-	(14,369,902)
Total depreciable, net	-	-	-	-
Total governmental activities	<b>\$ 142,165</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 142,165</b>
<b>Business-type activities:</b>				
Nondepreciable:				
Land	\$ 1,470,223	\$ -	\$ -	\$ 1,470,223
Construction in progress	20,240	62,790,571	-	62,810,811
Total nondepreciable	1,490,463	62,790,571	-	64,281,034
Depreciable/amortizable:				
Buildings and improvements	15,669,730	-	(12,429,204)	3,240,526
Leased land	1,505,819	-	(1,505,819)	-
Website	126,895	-	-	126,895
Total depreciable, net	17,302,444	-	(13,935,023)	3,367,421

**Economic Development Authority of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Notes to Financial Statements  
June 30, 2025**

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
Accumulated:				
Depreciation	(6,633,210)	(101,831)	3,498,987	(3,236,054)
Amortization of leased assets	(87,717)	(4,873)	92,590	-
Total accumulated depreciation/ amortization	<u>(6,720,927)</u>	<u>(106,704)</u>	<u>3,591,577</u>	<u>(3,236,054)</u>
Total depreciable/amortizable, net	<u>10,581,517</u>	<u>(106,704)</u>	<u>(10,343,446)</u>	<u>131,367</u>
Total business-type activities	<u><b>\$ 12,071,980</b></u>	<u><b>\$ 62,683,867</b></u>	<u><b>\$ (10,343,446)</b></u>	<u><b>\$ 64,412,401</b></u>

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**Note 7 – Property Held for Sale/Contributed Capital**

*Operating Fund*

During fiscal year 2023, the City and Richmond Redevelopment and Housing Authority (“RRHA”) conveyed land to the Authority with the intent that the land be sold to a developer for a redevelopment project. If the sale does not take place, the land conveyed by the City and RRHA may revert back to the City and/or the RRHA. The balance of the \$13,173,607 is reflected as property held for sale on the statement of net position.

During fiscal year 2024, the City conveyed six parcels of real estate, which also included a portion of the redevelopment project known as the “Diamond District” to the Authority. The Authority sold a parcel of the Diamond District Project property during fiscal year 2025 for a total of \$11,907,499 and recognized a gain of \$9,886,439 on the statement of activities and statement of revenues, expenses and changes in net position. The balance of the remaining property at June 30, 2025 is \$643,831.

*Leigh St. Fund*

In August 2024, the Bon Secours Training Facility transferred from the Authority to the City. As a result, the Authority recognized an expense related to the contributed capital of \$2,835,048 on the statement of activities and statement of revenues, expenses and changes in net position.

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**Note 8 – Lease Liability**

*Leigh St. Fund*

The Authority, as a lessee, has entered into a noncancellable lease agreement for the use of land near the Bon Secours Training Center. During 2022, the Authority adopted GASB 87, Leases, and, as a result, recognized an intangible right-to-use lease asset and related lease liability. Payments of \$40,560 are due annually through January 2032 at which point payments escalate every ten years through 2072 and are discounted at 3.25%. The following is a summary of changes in the lease liability reported on the statement of net position for the fiscal year ended June 30, 2025:

# Economic Development Authority of the City of Richmond, Virginia (A Component Unit of the City of Richmond, Virginia)

## Notes to Financial Statements

June 30, 2025

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025
Lease liability	\$ 1,469,283	\$ -	\$ (1,469,283)	\$ -

The lease terminated in August 2024 due to the City assuming the lease as a result of the transfer of the Bon Secours Training Center from the Authority to the EDA.

The Authority had a related lease asset total of \$1,505,819, which was offset by accumulated amortization of \$92,590. The lease asset was disposed of in August 2024 when the lease terminated. This resulted in a gain, which is included in the total of the contributed capital to the City on the statement of activities and statement of revenues, expenses and changes in net position.

### Note 9 – 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. The Authority’s responsibility for payment of these awards is subject to funding appropriation by the City, as such, the Authority has no exposure under these agreements. The Authority has received grant funds totaling \$352,402 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, 2025, along with other restricted revenue sources.

In the prior year, the Authority created a grant program to aid with the construction of affordable housing in the City. The Authority has executed grant agreements with developers that own property in the City. Upon completion of the specific requirements, the grant funds are awarded as stated in the grant agreements. The Authority’s responsibility for payment of these awards is subject to funding appropriation by the City, as such, the Authority has no exposure under these agreements. During the year ended June 30, 2025, the Authority has received grant funds totaling \$2,000,000 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, 2025, along with other restricted revenue sources.

During the year ended June 30, 2025, the Authority and the City created the Small Business Capital Access Program. The purpose of the funds is to provide grants or loans to small businesses that do not have access to traditional loan products. The Authority is responsible for executing the agreements with the business. The Authority’s responsibility for payment of these awards is subject to funding appropriation by the City, as such, the Authority has no exposure under these agreements. The Authority has received grant funds totaling \$1,350,000, 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, 2025, along with other restricted revenue sources.

The Authority entered into a development agreement with the City of Richmond and Diamond District Partners, LLC (the “Developer”) on May 15, 2024. The City seeks to redevelop an approximately 67-acre site known as the Diamond District. The City has transferred the property to the Authority. Per the agreement, the Authority will sell 19.61 acres of the property with the potential for the Developer to purchase an additional 12.08 acres in the Diamond District. In fiscal year 2025, the first parcel was sold to the Developer. See Note 7 for further discussion. The Developer will turn that portion of the land into a mixed-use commercial and residential area. The Authority is committed to providing funds for costs associated with the public infrastructure for the project. During the year ended June 30, 2025, the Authority paid a total of \$2,598,560 to the Developer. Of this total, \$1,366,707 was capitalized by the Authority for infrastructure work done at

# Economic Development Authority of the City of Richmond, Virginia (A Component Unit of the City of Richmond, Virginia)

## Notes to Financial Statements

June 30, 2025

the time the Authority owned the property and thus offset the gain on the sale of the property to the Developer. The remaining \$1,231,853 was expensed and is included in the Diamond District project costs on the statement of activities and statement of revenues, expenses and changes in net position.

On August 16, 2024, the Authority entered into a development agreement with the Navigators for the construction of a new baseball stadium and subsequent lease of the stadium to the Navigators. The Navigators will build the stadium, and once completed, the Authority will then take ownership of the stadium. The Authority will then lease the stadium to the Navigators. The Authority is required to reimburse the Navigators for work completed on the stadium. The funding for the work is to be provided with the proceeds from the bonds issued by the City during the fiscal year ended June 30, 2025. The Authority paid a total of \$52,451,057 to the Navigators during the current year, all of which was capitalized. At June 30, 2025, the Authority owed a total of \$6,804,467 to the Navigators. The total costs have been capitalized and included in nondepreciable capital assets on the statement of net position.

On August 16, 2024, the Authority entered into a lease agreement with the Navigators for the baseball stadium. The lease will commence once the stadium construction is completed, which is expected to be in 2026. The initial term of the lease is thirty years with no option for renewal. The rent for the first ten years of the lease is \$1,000,000 per year due on a quarterly basis. The rent will increase to \$1,343,916 during the eleventh year of the lease and will then increase by 3% each year thereafter. The Navigators are also required to pay an addition \$2,200,000 of supplemental rent for the first ten years of the lease. The agreement also allows for each year's rent to be abated in an amount equal to the annual leasehold real estate tax applicable to the Navigators. The abatement will be applied against the quarterly installment of annual rent next coming due after the real estate taxes are paid.

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### Note 10 – Loans Program Receivables

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#### *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 of 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, 2025, the carrying value of loans receivable from the CARE program was \$23,653, less an uncollectible allowance of \$12,135. The fair value of these loans is not readily determinable. The Authority issued rebates in the amount of \$308,285 during the year ended June 30, 2025, which is included in other expenses on the statement of revenues, expenses and changes in net position – enterprise funds. The balances and activity of the CARE program are now being recorded in the Operating Fund. In the prior year, the balances and activity were included in the Loan Fund.

# **Economic Development Authority of the City of Richmond, Virginia (A Component Unit of the City of Richmond, Virginia)**

## **Notes to Financial Statements**

**June 30, 2025**

### *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, 2025, the carrying value of loans receivable from the CAP program was \$81,597, less an uncollectible allowance of \$37,854. 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 \$10,205,000 and transferred the proceeds to the Authority. At June 30, 2025, approximately nine million in loans had been granted from these funds, and the carrying value of the loans was \$7,025,951 which did not include a fee income receivable, less an uncollectible allowance of \$148,248.

### *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, 2025, the carrying value of loans receivable from the RLP program was \$1,087,251, less an uncollectible allowance of \$350,459. The fair value of these loans is not readily determinable.

### *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, 2025.

# Economic Development Authority of the City of Richmond, Virginia (A Component Unit of the City of Richmond, Virginia)

## Notes to Financial Statements

June 30, 2025

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### Note 11 – Conduit Debt

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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.

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### Note 12 – Related Party Transactions

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#### *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 \$3,090 at June 30, 2025.

#### *Operating Fund*

During the year ended June 30, 2025, the Authority received \$3,640,333 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 \$2,083,260 were awarded out during the year, \$413,188 of which are included in accounts payable at June 30, 2025.

During the year ended June 30, 2025, the Authority received \$400,000 from the City for the Local Enterprise Zone Cooperation Agreement signed by the Authority and the City. The Authority is to use the money to help encourage job creation, private investments and commercial development around the City of Richmond.

During the year ended June 30, 2025, the City made a contribution to the Commercial Area Revitalization Effort (CARE) program of \$300,000. See Note 10 for further discussion.

At July 1, 2024, the Authority had \$279,409 in unspent funding for the Façade Improvement Grant Program. During the year ended June 30, 2025, a total of \$160,000 was refunded to the City for the Hull Street Façade Improvement Plan as the program did not deliver the results originally anticipated. This is netted against grant revenue from the City on the statement of revenues, expenses and changes in net position. Additionally, grants of \$30,000 were awarded during the year ended June 30, 2025. These grants are included in other operating expenses on the statement of revenues, expenses and changes in net position. The remaining balance of \$89,409 is classified as restricted net position on the statement of net position.

During fiscal year 2024, the Authority received \$1,500,000 from the City. The funds were used for the creation of the Small Business Capital Access Program. See Note 9 for further discussion. A total of \$150,000 was awarded during the year ended June 30, 2025. This grant was included in economic development incentives on the statement of revenues, expenses and changes in net position. The remaining balance of \$1,350,000 is classified as restricted net position on the statement of net position.

During the year ended June 30, 2025, the Authority received \$2,000,000 from the City for the affordable housing grants. See Note 9 for further discussion. There were no funds awarded during the year ended June 30, 2025. The balance is classified as restricted net position on the statement of net position.

# Economic Development Authority of the City of Richmond, Virginia (A Component Unit of the City of Richmond, Virginia)

## Notes to Financial Statements

June 30, 2025

During the year ended June 30, 2025, the Authority received \$55,036,193 from the City for the purpose of construction of the new stadium. At June 30, 2025, the City owed a balance of \$6,804,467 to the Authority for costs of the stadium through June 30, 2025, that were owed by the Authority to the Navigators.

### *Leigh St. Fund*

In January 2024, the Authority assumed management of the Bon Secours Training Center. As a result, the Authority worked with the City's Department of Parks and Recreation to help oversee the events held at the facility from January to August 2024. There were instances where rental payments for the Authority were collected by the City and not remitted to the Authority by year end and vice versa. At June 30, 2025, the Authority owed the City \$11,115 related to these rental fees. This is included in Due to the City on the statement of net position.

In August 2024, the Authority transferred the Bon Secours Training Center to the City. As a result of the transfer of the property, all associated leases were assumed by the City. The Authority reported a loss for the contributed capital of \$2,835,048 the statement of revenues, expenses and changes in net position.

### Note 13 – 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.

### Note 14 – Recoverable Grant Payable

Amounts noted as recoverable grants payable are amounts payable to the City of Richmond. In prior years, 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 from 3% to 4%.	<b><u>\$ 16,860,000</u></b>

Activity in long-term recoverable grants payable for fiscal year 2025 follows:

Heading	Balance at July 1, 2024	Issued	Retired	Balance June 30, 2025	Amount Due Within One Year
Leigh Street Fund	\$ 6,000,000	\$ -	\$ (6,000,000)	\$ -	\$ -
Stone Brewery Fund	17,635,000	-	(775,000)	16,860,000	795,000
	<b><u>\$ 23,635,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (6,775,000)</u></b>	<b><u>\$ 16,860,000</u></b>	<b><u>\$ 795,000</u></b>

The recoverable grant payable for developing the Leigh Street project of the \$6,000,000 was forgiven by the City with the transfer of the Bon Secours Training Facility in August 2024.

**Economic Development Authority of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Notes to Financial Statements**

June 30, 2025

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 795,000	\$ 642,462	\$ 1,437,462
2027	820,000	617,619	1,437,619
2028	850,000	590,969	1,440,969
2029	875,000	562,069	1,437,069
2030	905,000	531,444	1,436,444
2031-2035	5,070,000	2,124,400	7,194,400
2036-2040	6,160,000	1,035,600	7,195,600
2041	1,385,000	55,400	1,440,400
	<b>\$ 16,860,000</b>	<b>\$ 6,159,963</b>	<b>\$ 23,019,963</b>

**Note 15 – Bonds Payable**

On June 20, 2024, the Authority issued revenue bonds for \$33,745,000 to finance the construction of public infrastructure within the Diamond District. Interest on the bonds is payable June 1 and December 1 commencing on December 1, 2024. Interest is computed on the basis of a year of 360 days and twelve 30-day months. Interest rates are 4%-5%.

June 30,	Principal	Interest	Total
2026	\$ -	\$ 1,625,450	\$ 1,625,450
2027	1,375,000	1,625,450	3,000,450
2028	1,435,000	1,556,700	2,991,700
2029	1,510,000	1,484,950	2,994,950
2030	1,585,000	1,409,450	2,994,450
2031-2035	9,185,000	5,777,500	14,962,500
2036-2040	3,285,000	3,855,250	7,140,250
2041-2045	2,635,000	3,300,000	5,935,000
2046-2050	4,410,000	2,475,750	6,885,750
2051-2055	6,660,000	1,331,800	7,991,800
2056	1,665,000	83,250	1,748,250
	<b>\$ 33,745,000</b>	<b>\$ 24,525,550</b>	<b>\$ 58,271,550</b>

Payment of principal and premium, if any, and interest on the bonds are not general obligations of the Authority but are limited obligations payable solely from the revenues and receipts derived from the City for such purposes under the Cooperation Agreement, solely from the revenues on the stadium leases upon commencement of the lease and receipts derived from the City.



# Compliance Section

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## **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 Board of Directors and Management of  
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, 2025, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated September 21, 2025.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as Items 2025-001 and 2025-002, that we consider to be material weaknesses.

## Report on 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## Authority's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## 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.



CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia  
September 21, 2025

# Economic Development Authority of the City of Richmond, Virginia (A Component Unit of the City of Richmond, Virginia)

## Summary of Compliance Matters

June 30, 2025

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.

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### State Compliance Matters

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#### *Code of Virginia*

Cash and Investment Laws

Conflicts of Interest Act

Procurement Laws

Uniform Disposition of Unclaimed Property Act

**Economic Development Authority of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Schedule of Findings and Responses  
June 30, 2025**

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**A – Summary of Auditor’s Results**

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1. The auditor’s report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies and two material weaknesses 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.

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**B – Findings – Financial Statement Audit**

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*2025-001 – Material Adjusting Journal Entries on Operating Fund (Material Weakness in Internal Control over Financial Reporting)*

Condition and Criteria As part of the audit, we proposed multiple significant adjustments related to the Diamond District project reported in the Operating Fund. These are reviewed and approved by management; however, we believe that this review would only detect material misstatements, and that a misstatement that is more than inconsequential may not be prevented or detected.

Effect Financial statements and related disclosures prepared on a generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) basis may be misstated by an amount that is more than inconsequential.

Cause Due to the small size of the Authority, there is a limited accounting staff with the background needed in governmental accounting to assist with the majority of the audit adjustments posted.

Recommendation We recommend that material transactions for the Diamond District project be thoroughly reviewed by management and a member of the Board who has a background in financial reporting. We also recommend that management meet regularly with the auditors to keep up to date on changes in GAAP and GASB and continue to review the draft GAAP and GASB compliant financial statements and related disclosures prior to issuance.

View of Responsible Officials and Planned Corrective Management is pleased that there were no noted issues with the overall policy, processes, and practices with Diamond District requisitions. To ensure compliance with GAAP and GASB

Action accounting principles, management agrees with the auditors' recommendation that material transactions for the Diamond District be reviewed by management and a member of the Board with an accounting background to ensure that transactions are correctly recorded. In FY 2026, management will seek accounting services from a firm with a background in government accounting.

In FY 2025, in accordance with recommendations from previous audits, management and a member of the EDA Board began holding quarterly meetings with Brown Edwards to discuss the acquisition or disposition of real estate, the receipt or disbursement of city, state, or federal funds, and non-standard transactions. In FY 2026, management will continue this practice.

**Economic Development Authority of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Schedule of Findings and Responses**

June 30, 2025

*2025-002 – Material Adjusting Journal Entries on Loan Fund (Material Weakness in Internal Control over Financial Reporting)*

Condition and Criteria As part of the audit, we proposed multiple significant adjustments related to the Loan Fund due to loan balances being written off in error. These are reviewed and approved by management; however, we believe that this review would only detect material misstatements, and that a misstatement that is more than inconsequential may not be prevented or detected.

Effect Financial statements and related disclosures prepared on a generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) basis may be misstated by an amount that is more than inconsequential.

Cause Due to the small size of the Authority, there is a limited accounting staff with the background needed in governmental accounting to assist with the majority of the audit adjustments posted.

Recommendation We recommend that material transactions for the Loan Fund be thoroughly reviewed by management and a member of the Board who has a background in financial reporting. We also recommend that management meet regularly with the Board to determine whether a loan balance should be written off.

View of Responsible Officials and Planned Corrective Action Management was receptive to auditor recommendations. See attached Corrective Action Plan.

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**C – Findings – Commonwealth of Virginia**

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None noted.

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**D – Status of Prior Year Financial Statement Audit Findings**

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*2024-001 – Material Adjusting Journal Entries (Significant Deficiency in Internal Control over Financial Reporting)*

Condition As part of the audit, we proposed multiple significant adjustments related to various balances within the Leigh Street and Operating Funds. These are reviewed and approved by management; however, we believe that this review would only detect material misstatements, and that a misstatement that is more than inconsequential may not be prevented or detected.

Recommendation We recommend that material transactions be thoroughly reviewed by management and a member of the Board who has a background in financial reporting. We also recommend that management meet regularly with the auditors to keep up to date on changes in GAAP and continue to review the draft GAAP financial statements and related disclosures prior to issuance.

Status This does not appear to have been addressed. See 2025-001 and 2025-002.

**Economic Development Authority of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Corrective Action Plan**

June 30, 2025



September 21, 2025

Danielle Nikolaisen, CPA  
Partner  
Brown, Edwards & Company, L.L.P.  
701 Town Center Drive  
Suite 700  
Newport News, Virginia 23606

**Re: Management Response to Fiscal Year 2025 Financial Audit Findings**

Dear Danielle:

Thank you for the work done by Brown, Edwards & Company, L.L.P. audit team on the Economic Development Authority of the City of Richmond, Virginia Fiscal Year 2025 Financial Audit. Below is management's response to findings 2025-01 and 2025-02. Management intends to move forward with the corrective action recommended by the audit team.

*2025-01: Management is pleased that there were no noted issues with the overall policy, processes, and practices with Diamond District requisitions. To ensure compliance with GAAP and GASB accounting principles, management agrees with the auditors' recommendation that material transactions for the Diamond District be reviewed by management and a member of the Board with an accounting background to ensure that transactions are correctly recorded. In FY 2026, management will seek accounting services from a firm with a background in government accounting.*

*In FY 2025, in accordance with recommendations from previous audits, management and a member of the EDA Board began holding quarterly meetings with Brown Edwards to discuss the acquisition or disposition of real estate, the receipt or disbursement of city, state, or federal funds, and non-standard transactions. In FY 2026, management will continue this practice.*

*2025-02: Management agrees that material transactions for the Loan Fund be thoroughly reviewed by management and a member of the Board who has a background in financial reporting. We also agree that management meet with the Board to determine whether a loan balance should be written off.*

*In FY 2025 and early FY 2026, management collaborated with the EDA Loan Committee to identify and hire an external consultant with expertise in small business lending to review the EDA loan portfolio, policies, and practices. This work is underway and is expected to conclude in mid-Q2 FY2026. Additionally, in FY 2026, management will*

**Economic Development Authority of the City of Richmond, Virginia  
(A Component Unit of the City of Richmond, Virginia)**

**Corrective Action Plan  
June 30, 2025**



*seek accounting services from a firm with a background in government accounting and is adjusting internal staffing for loan-related activities.*

Please let me know if there is any additional information that we can provide.

Sincerely,

A handwritten signature in black ink, appearing to read 'Angie Rodgers', with a long horizontal flourish extending to the right.

Angie Rodgers  
Executive Director

CC  
Katie McConnell, Senior Deputy Director