



**Economic Development Authority (EDA) of the City of Richmond, Virginia
Special Called Meeting Notice – October 15, 2026**

WHAT: The City of Richmond's Economic Development Authority will hold its **Special Called Audit & Finance Committee Meeting**

WHEN: Thursday, October 15, 2026, at 2:00 p.m.

WHERE: The Audit & Finance Committee Meeting will be an **all-virtual** public meeting.*

- **To access the meeting via Microsoft Teams**, please use the following link: <https://bit.ly/4ek3tp1>; Meeting ID: 286 245 872 712 670, Passcode: Z3nx6J5L

OR

- **To dial in by phone**, please call (804) 316-9457, then enter Phone Conference ID: 829 930 457#

CONTACT: Glenna Chung at (804) 646-1507 or RichmondEDA@rva.gov

*If the audio or video transmission of the meeting fails, please call or text (804) 763-9354.

For more information about The City of Richmond's Economic Development Authority (EDA),
Visit: <http://www.richmondeda.com>

Agenda



**Economic Development Authority (EDA) of the City of Richmond, Virginia
Audit & Finance Committee Special Called Meeting Agenda
All-Virtual via Microsoft Teams (<https://bit.ly/4ek3tp1>)
Thursday, October 15, 2026, 2:00 p.m.**

- I. Call to Order
 - A. Public Meeting Disclosure
- II. Comment (Maximum of Three Minutes Per Person)
- III. September 22, 2025 Audit & Finance Committee Meeting Minutes
- IV. Review of FY2026 Draft Financial Audit Report
- V. Review of FY2027 Draft Leigh Street Budget
- VI. Review of FY2027 Draft Stone/Sapporo Budget
- VII. Adjournment

**September 2025 Audit & Finance Committee
Meeting Minutes**



**Economic Development Authority (EDA) of the City of Richmond, Virginia
Audit & Finance Committee Special Called Meeting Minutes
All-Virtual via Microsoft Teams (<https://bit.ly/09222025EDAAudit>)
Monday, September 22, 2025, 11:30 a.m.**

Members present:

Nathan Hughes, Chair
Jéron Crooks
John Molster

Members absent:

Jared Loiben

Others present:

Angie Rodgers – Department of Economic Development
Katie McConnell – Department of Economic Development
Matthew Welch – Department of Economic Development
Jacquelyn Teemer – Department of Economic Development
Glenna Chung – Department of Economic Development
Lisa Jones – A. G. Reese & Associates
Danielle Nikolaisen – Brown Edwards
Christine Turner – Brown Edwards

Call to Order:

Mr. Hughes called the meeting to order at 11:35 a.m. The meeting was conducted entirely by electronic communication means via Microsoft Teams. All members participated remotely, and a quorum was established. Public access was provided via Microsoft Teams platform as stated in the meeting notice.

Public Comments:

No public comments were received via email, phone, or otherwise by staff. Ms. McConnell read the public disclaimer.

Review of FY2025 Draft Financial Audit Report – Ms. Danielle Nikolaisen

Ms. Nikolaisen reviewed the draft financial audit report for FY2025 and asked if the EDA Audit & Finance Committee had any questions. The draft report was provided to management last week and is still in review.

Adjournment:

There being no further business, the meeting adjourned 12:19 p.m.

FY2026 Draft Financial Audit Report

**Economic Development Authority of
the City of Richmond, Virginia**
(A Component Unit of the City of Richmond, Virginia)
Financial Report
June 30, 2026

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, 2026, 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 Authority, as of June 30, 2026, 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, 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 Authority, 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2026, the Authority adopted new accounting guidance, GASB Statements No. 103, *Financial Reporting Model Improvements*, and No. 104, *Disclosure of Certain Capital Assets*. Our opinion is not modified with respect to this matter.

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 [REDACTED], 2026, 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.

CERTIFIED PUBLIC ACCOUNTANTS

Colonial Heights, Virginia
[REDACTED], 2026

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, 2026

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, 2026. It should be read in conjunction with the financial statements.

Overview of the Financial Statements

The Authority's report contains basic financial statements. Those financial statements present the Authority's finances at both an overall and a detailed level. The first two – the government-wide financial statements – cover the Authority's governmental activities and business-type activities (together, the primary government).

- Governmental activities comprise the Authority's activity related to the Altria Theater. Governmental activities are primarily financed by property taxes, other local taxes, federal grants, and state grants.
- Business-type activities are Authority's services primarily financed in whole or in part by charges to customers. The primary business-type activities the Authority participates in are performance incentive and grant agreements, leased facilities, and loans.

The remaining basic financial statements present the Authority's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The Authority reports two groups of funds:

- Governmental fund financial statements report the special revenue fund to track the use of proceeds of specific revenue sources related to the funding of the restoration of the Altria Theater and includes the Theatre Fund.
- Proprietary fund financial statements report all the business-type activities (enterprise funds) of the Authority and includes the Operating Fund, Leigh St. Fund, Stone Brewery Fund, and Loan Fund.

The next section of this financial report contains notes to financial statements, which delve deeper into the Authority's finances as reported in the financial statements. The information in the notes is as important to understanding the Authority's finances as the information in the financial statements. The Authority uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature and amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements.

Types of Information in the Financial Statements

All of the Authority's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. In other words, they comprehensively report all types of financial statement elements:

- Assets – resources the Authority controls, from short-term assets like cash to long-term assets like buildings
- Liabilities – amounts the Authority owes, from short-term liabilities such as accounts payable to long-term liabilities such as outstanding debt,
- Revenues and expenses – inflows and outflows of economic resources, respectively, related to the current year.

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, 2026

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on the construction of a capital asset.

More detail about the measurement focuses and bases of accounting can be found in the first note to the financial statements, the summary of significant accounting policies within Note 2.

Financial Summary

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		Total Percentage Change
	6/30/2026	6/30/2025	6/30/2026	6/30/2025	6/30/2026	6/30/2025	2026 - 2025
Assets							
Current and other assets	\$ -	\$ -	\$ 137,356,781	\$ 110,685,888	\$ 137,356,781	\$ 110,685,888	24.1%
Capital assets, net	142,165	142,165	126,542,327	64,412,401	126,684,492	64,554,566	96.2%
Total assets	<u>\$ 142,165</u>	<u>\$ 142,165</u>	<u>\$ 263,899,108</u>	<u>\$ 175,098,289</u>	<u>\$ 264,041,273</u>	<u>\$ 175,240,454</u>	50.7%
Liabilities							
Current and other liabilities	\$ -	\$ -	\$ 5,215,298	\$ 8,386,369	\$ 5,215,298	\$ 8,386,369	-37.8%
Noncurrent liabilities	-	-	65,551,220	52,899,220	65,551,220	52,899,220	23.9%
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,766,518</u>	<u>\$ 61,285,589</u>	<u>\$ 70,766,518</u>	<u>\$ 61,285,589</u>	15.5%
Deferred inflows of resources							
Lease deferrals	\$ -	\$ -	\$ 32,786,680	\$ -	\$ 32,786,680	\$ -	100%
Net position	<u>142,165</u>	<u>142,165</u>	<u>160,345,910</u>	<u>113,812,700</u>	<u>160,488,075</u>	<u>113,954,865</u>	40.8%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 142,165</u>	<u>\$ 142,165</u>	<u>\$ 263,899,108</u>	<u>\$ 175,098,289</u>	<u>\$ 264,041,273</u>	<u>\$ 175,240,454</u>	50.7%

The table above shows that as of June 30, 2026, the Authority's total net position – assets minus deferred inflows of resources and liabilities – was nearly \$160,488,075, an increase of \$46,553,210 or 40.8% compared to 2025. Most of the increase in net position was the result of the financial performance of the business-type activities. The following sections of MD&A analyze the finances of the Authority in further detail. Note that discussion over governmental activities has been excluded as there was no activity in the current year or balances did not change from the prior year.

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, 2026

Government-Wide Statement of Activities

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

	Business-Type Activities		Total Percentage Change
	6/30/2026	6/30/2025*	2026 - 2025
Operating revenues			
Rental and lease income	\$ 96,328	\$ 112,247	-14.2%
Loan administration fees and program income	393,013	537,923	-26.9%
Other	17,415	35,257	-50.6%
Total operating revenues	<u>506,756</u>	<u>685,427</u>	-26.1%
Operating expenses			
Loss (gain) on sale of property for future development	9,689,921	(9,886,439)	-198.0%
Diamond District infrastructure costs	9,004,176	1,231,853	630.9%
Economic development incentives	16,800,595	2,233,230	652.3%
Other operating expenses	1,134,342	1,351,163	-16.0%
Total operating expenses	<u>36,629,034</u>	<u>(5,070,193)</u>	-822.4%
Operating income (loss) before noncapital subsidies	<u>(36,122,278)</u>	<u>5,755,620</u>	-727.6%
Noncapital subsidies			
Grants from the City of Richmond	5,110,970	4,580,333	11.6%
Grants from the State	15,177,032	-	100.0%
Total noncapital subsidies	<u>20,288,002</u>	<u>4,580,333</u>	342.9%
Operating income (loss) and noncapital subsidies	<u>(15,834,276)</u>	<u>10,335,953</u>	-253.2%
Nonoperating revenues (expenses)			
Diamond District project costs	9,004,176	1,231,853	630.9%
Capital subsidy from the City	61,678,420	61,840,660	-0.3%
Other nonoperating revenues and expenses:			
Contributed capital to the City	-	(2,835,048)	-100.0%
Capital subsidy from the City	61,678,420	61,840,660	-0.3%
Interest expense	(2,409,208)	(2,311,717)	4.2%
Interest income	3,098,274	2,879,590	7.6%
Total other nonoperating revenue	<u>62,367,486</u>	<u>59,573,485</u>	4.7%
Change in net position	<u>\$ 46,533,210</u>	<u>\$ 69,909,438</u>	-33.4%

* Under GASB 103, 2025 figures have been reclassified to adhere to the updated definitions of subsidies and operating and nonoperating revenues and expenses.

Note that the figures for governmental activities have been excluded as there was no activity in the current year or prior year.

The table above shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position of \$46,533,210. Various events contributed to this increase in net position that is covered in the next section.

Detailed Analysis

Government-Wide Statement of Net Position

There was a decrease in cash and cash equivalents of \$16,933,750 primarily due to the use of the Authority's bond proceeds to fund the infrastructure work done by Diamond District Partners for the mixed-use development that is being constructed as part of the Diamond District project.

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, 2026

There was an increase in net capital assets of \$62,129,926, primarily due to the construction and completion of the baseball stadium (CarMax Park) in the current fiscal year.

There was an increase in other assets of \$43.6M, which is primarily due to two drivers. The Authority purchased the former Sportsbacker Stadium property from Virginia Commonwealth University ("VCU") during the year ended June 30, 2026, which netted an increase of \$15.8M in property held for future development. In addition, a lease agreement for CarMax Stadium between the Authority and Navigators Baseball began in June 2026, which resulted in a \$32.9M lease receivable.

There was a decrease in current liabilities of \$3.2M, primarily due to the \$5.1M decrease in the balance owed by the Authority to Navigators Baseball, LP for June 2026 stadium construction costs as the construction was completed during the current year combined with an increase of \$1.4M to the current portion of long-term liabilities.

There was an increase in noncurrent liabilities of \$12.7M primarily due to the funds the Authority borrowed from the City during the year to help finance the purchase of the Sportsbacker Stadium property from VCU.

Government-Wide Statement of Activities

Total operating expenses increased by \$41.9M. There was an increase in economic development incentives issued due in particular to a certain \$15.2M state-funded performance agreement. Additionally, in FY25, sales of properties for future development resulted in a \$9.9M gain which reduced operating expenses whereas in FY26, sales resulted in \$9.7M losses.

Grants from the State increased by \$15.2M as a result of funding received from the State to help fund an economic incentive grant that was paid out in the current year. The funding was not received in the prior year.

Diamond district project costs increased by \$7.8M due to costs incurred related to the expenses incurred by the Authority for the public infrastructure work being done by the Diamond District Partners at the Diamond District property.

Contributed capital to the City decreased by \$2.8M as a result of the transfer of the Leigh St. training facility from the Authority to the City in the prior year.

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.

Governmental Funds

The Authority has one fund in the governmental fund financial statements, the Altria Fund. Discussion over the fund has been excluded from the MD&A as there was no activity in the fund in the current year. Balances on the statement of net position as of June 30, 2026, remain consistent with those of prior year.

Enterprise Funds

The Authority reports four major funds individually in the enterprise fund financial statements. Those funds are the Operating Fund, Leigh St. Fund, Stone Brewery Fund, and Loan Fund. Most of the discussion regarding the business-type activities is equally applicable to the finances of those enterprise funds. However, certain factors that are relevant to the

**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, 2026

Authority's financial health are more apparent in the fund financial statements than in the government-wide financial statements. There were significant changes to all of the major funds. The funds are shown below in the table below:

Operating Fund

The fund balance of the operating fund increased by 50%. This increase in fund balance is primarily attributable to the capital subsidies received from the City for stadium costs which were capitalized. This was offset by expenses for Diamond District infrastructure costs which were expensed and a loss on the sale of a portion of the Sports Backers Stadium property to the Diamond District developer.

Leigh Street Fund

The activity in the Leigh Street Fund significantly decreased in FY26. With the sale of the training facility to the City in FY25, the fund only reports activity related to the neighboring Westhampton School property.

Stone Brewery Fund

The fund balance of the Stone Brewery increased by 8%. This increase was primarily due to interest income from debt repayments exceeding building operations and maintenance expenses which can fluctuate annually based on building needs.

Loan Fund

The overall activity of the fund was consistent with the prior year.

Significant Capital Assets and Long-Term Financing Activities

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term debt. Overall, the carrying value of capital assets—original cost minus accumulated depreciation – for business-type activities increased by \$62,129,926, or 96.5%, over 2025. There was no change in the capital assets for the government-type activities.

The majority of the increase in the business-type activities capital assets was due to the completion of the construction over CarMax Stadium for a total of \$124,963,335, which was placed in service in June 2026. A total of \$62,790,571 was capitalized in the prior year as construction in progress.

Long-term debt for the Authority includes recoverable grants payable, bonds payable, and the note payable. The Authority borrowed \$14,700,000 to help finance the purchase of the Sports Backer Stadium from Virginia Commonwealth University ("VCU"). See Note 12 for additional details. The Authority issued \$33,745,000 in revenue bonds in a prior year to fund the construction of public infrastructure within the Diamond District project. The Authority was only required to pay interest on the debt in the current year. The total of the recoverable grants payable decreased by \$750,000 as a result of the payments on the balance in the current year. See Note 14 for additional details.

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, 2026

Accomplishments

During the fiscal year that ended June 30, 2026, 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:

- 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.

Currently Known Facts, Decisions, or Conditions

Looking to FY2027, 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.

Basic 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, 2026

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (Note 4)	\$ -	\$ 22,471,430	\$ 22,471,430
Restricted cash (Note 4)	-	22,632,808	22,632,808
Rent receivable	-	78,705	78,705
Lease interest receivable	-	183,455	183,455
Lease receivable, current portion (Note 8)	-	1,664,425	1,664,425
Due from the City (Note 12)	-	2,095,716	2,095,716
Prepaid expenses	-	180,324	180,324
Financed purchase notes receivable, current portion (Note 5)	-	681,460	681,460
Total current assets	<u>-</u>	<u>49,988,323</u>	<u>49,988,323</u>
NONCURRENT ASSETS			
Nondepreciable capital assets (Note 6)	142,165	1,490,463	1,632,628
Depreciable capital assets, net (Note 6)	-	125,051,864	125,051,864
Property held for economic development (Note 7)	-	29,648,759	29,648,759
Financed purchase notes receivable, less current portion (Note 5)	-	16,722,056	16,722,056
Loans receivable, net (Note 10)	-	7,634,925	7,634,925
Lease receivable, less current portion (Note 8)	-	31,213,583	31,213,583
Accrued interest receivable	-	2,149,135	2,149,135
Total noncurrent assets	<u>142,165</u>	<u>213,910,785</u>	<u>214,052,950</u>
Total assets	<u>\$ 142,165</u>	<u>\$ 263,899,108</u>	<u>\$ 264,041,273</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ -	\$ 1,730,525	\$ 1,730,525
Due to the City (Note 12)	-	11,115	11,115
Accrued interest payable	-	186,630	186,630
Maintenance reserve	-	154,410	154,410
Other current liabilities	-	937,618	937,618
Current portion of long-term obligations (Note 14)	-	2,195,000	2,195,000
Total current liabilities	<u>-</u>	<u>5,215,298</u>	<u>5,215,298</u>
NONCURRENT LIABILITIES			
Long-term obligations, less current portion (Note 14)	<u>-</u>	<u>65,551,220</u>	<u>65,551,220</u>
Total liabilities	<u>-</u>	<u>70,766,518</u>	<u>70,766,518</u>
DEFERRED INFLOWS OF RESOURCES			
Lease deferrals (Note 8)	<u>-</u>	<u>32,786,680</u>	<u>32,786,680</u>
NET POSITION			
Net investment in capital assets	142,165	124,861,273	125,003,438
Restricted	-	13,188,857	13,188,857
Unrestricted	<u>-</u>	<u>22,295,780</u>	<u>22,295,780</u>
Total net position	<u>142,165</u>	<u>160,345,910</u>	<u>160,488,075</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 142,165</u>	<u>\$ 263,899,108</u>	<u>\$ 264,041,273</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, 2026

	Governmental Activities	Business-Type Activities	Total
OPERATING REVENUES			
Rental and lease income	\$ -	\$ 96,328	\$ 96,328
Loan administration and other fees	-	23,400	23,400
Loan program income	-	369,613	369,613
Other	-	17,415	17,415
Total operating revenues	-	506,756	506,756
OPERATING EXPENSES			
Rebates	-	680,456	680,456
Professional services	-	124,811	124,811
Building operations and maintenance	-	77,285	77,285
Insurance	-	76,859	76,859
Bad debt recoveries	-	(13,039)	(13,039)
Other	-	121,732	121,732
Economic development incentives (Note 12)	-	16,800,595	16,800,595
Diamond District project costs (Note 9)	-	9,004,176	9,004,176
Loan administrative fees	-	23,400	23,400
Depreciation and amortization	-	42,838	42,838
Sale of property held for economic development (Note 9)	-	9,689,921	9,689,921
Total operating expenses	-	36,629,034	36,629,034
Operating loss before noncapital subsidies	-	(36,122,278)	(36,122,278)
NONCAPITAL SUBSIDIES			
City of Richmond (Notes 7 and 12)	-	5,110,970	5,110,970
Commonwealth of Virginia (Note 12)	-	15,177,032	15,177,032
Total noncapital subsidies	-	20,288,002	20,288,002
Operating loss and noncapital subsidies	-	(15,834,276)	(15,834,276)
NONOPERATING REVENUES (EXPENSES)			
Capital subsidy from the City (Note 12)	-	61,678,420	61,678,420
Interest expense	-	(2,409,208)	(2,409,208)
Interest income	-	3,098,274	3,098,274
Total nonoperating revenues	-	62,367,486	62,367,486
Change in net position	-	46,533,210	46,533,210
NET POSITION			
Beginning of year	142,165	113,812,700	113,954,865
End of year	<u>\$ 142,165</u>	<u>\$ 160,345,910</u>	<u>\$ 160,488,075</u>

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

Balance Sheet - Governmental Fund June 30, 2026

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

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

Total fund balance per Governmental Fund Balance Sheet	<u>\$ -</u>
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	<u>(14,369,902)</u>
	142,165
Net position of governmental activities	<u><u>\$ 142,165</u></u>

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, 2026

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

**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, 2026**

	Major Funds				
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Loan Fund	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents (Note 4)	\$ 11,325,253	\$ 1,839,721	\$ 2,899,736	\$ 6,406,720	\$ 22,471,430
Restricted cash and investments (Note 4)	22,632,808	-	-	-	22,632,808
Rent receivables	34,301	27,404	17,000	-	78,705
Lease interest receivable	183,455	-	-	-	183,455
Lease receivable, current portion (Note 8)	1,664,425	-	-	-	1,664,425
Due from the City (Note 12)	2,095,716	-	-	-	2,095,716
Prepaid expenses	164,520	-	12,804	3,000	180,324
Financed purchase notes receivable, current portion (Note 5)	19,869	-	661,591	-	681,460
Total current assets	<u>38,120,347</u>	<u>1,867,125</u>	<u>3,591,131</u>	<u>6,409,720</u>	<u>49,988,323</u>
NONCURRENT ASSETS					
Nondepreciable capital assets (Note 6)	-	868,818	621,645	-	1,490,463
Depreciable capital assets, net (Note 6)	124,963,969	12,807	75,088	-	125,051,864
Property held for economic development (Note 7)	29,648,759	-	-	-	29,648,759
Financed purchase notes receivable, less current portion (Note 5)	350,770	-	16,371,286	-	16,722,056
Loans receivable, net (Note 10):					
Community Area Revitalization Effort (CARE) Program	12,551	-	-	-	12,551
Contractor Assistance Program (CAP)	-	-	-	42,037	42,037
Economic Development and Housing Loan Fund (EDHLF) Program	-	-	-	6,862,310	6,862,310
Revolving Loan Program (RLP)	-	-	-	718,027	718,027
Lease receivables, less current portion (Note 8)	31,213,583	-	-	-	31,213,583
Accrued interest receivable, loans	10,971	-	-	2,138,164	2,149,135
Total noncurrent assets	<u>186,200,603</u>	<u>881,625</u>	<u>17,068,019</u>	<u>9,760,538</u>	<u>213,910,785</u>
Total assets	<u>\$224,320,950</u>	<u>\$ 2,748,750</u>	<u>\$ 20,659,150</u>	<u>\$ 16,170,258</u>	<u>\$263,899,108</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 1,703,464	\$ 3,261	\$ -	\$ 23,800	\$ 1,730,525
Due to the City (Note 12)	-	11,115	-	-	11,115
Accrued interest payable	135,454	-	51,176	-	186,630
Maintenance reserve	-	154,410	-	-	154,410
Other current liabilities	937,618	-	-	-	937,618
Current portion of long-term obligations (Note 14)	1,375,000	-	820,000	-	2,195,000
Total current liabilities	<u>4,151,536</u>	<u>168,786</u>	<u>871,176</u>	<u>23,800</u>	<u>5,215,298</u>
NONCURRENT LIABILITIES					
Long-term obligation, less current portion (Note 14)	50,306,220	-	15,245,000	-	65,551,220
Total liabilities	<u>54,457,756</u>	<u>168,786</u>	<u>16,116,176</u>	<u>23,800</u>	<u>70,766,518</u>
DEFERRED INFLOWS OF RESOURCES					
Lease deferrals (Note 8)	32,786,680	-	-	-	32,786,680
NET POSITION					
Net investment in capital assets	123,282,915	881,625	696,733	-	124,861,273
Restricted	6,826,258	-	-	6,362,599	13,188,857
Unrestricted	6,967,341	1,698,339	3,846,241	9,783,859	22,295,780
Total net position	<u>137,076,514</u>	<u>2,579,964</u>	<u>4,542,974</u>	<u>16,146,458</u>	<u>160,345,910</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$224,320,950</u>	<u>\$ 2,748,750</u>	<u>\$ 20,659,150</u>	<u>\$ 16,170,258</u>	<u>\$263,899,108</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, 2026**

	Major Funds				
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Loan Fund	Total
OPERATING REVENUES					
Rental and lease income	\$ 91,328	\$ 5,000	\$ -	\$ -	\$ 96,328
Loan administration and other fees	23,400	-	-	-	23,400
Loan program income	-	-	-	369,613	369,613
Event and other income	1,133	16,282	-	-	17,415
Total operating revenues	115,861	21,282	-	369,613	506,756
OPERATING EXPENSES					
Rebates	680,456	-	-	-	680,456
Professional services	124,811	-	-	-	124,811
Building operations and maintenance	866	16,594	59,825	-	77,285
Insurance	66,624	305	9,930	-	76,859
Bad debt recoveries	-	-	-	(13,039)	(13,039)
Other	120,952	501	279	-	121,732
Economic development incentives (Note 12)	16,800,595	-	-	-	16,800,595
Diamond District project costs (Note 9)	9,004,176	-	-	-	9,004,176
Loan administrative fees	-	-	-	23,400	23,400
Depreciation and amortization	38,896	1,851	2,091	-	42,838
Sale of property held for economic development (Note 9)	9,689,921	-	-	-	9,689,921
Total operating expenses	36,527,297	19,251	72,125	10,361	36,629,034
Operating (loss) income before noncapital subsidies	(36,411,436)	2,031	(72,125)	359,252	(36,122,278)
NONCAPITAL SUBSIDIES					
Grants from the City of Richmond (Notes 7 and 12)	4,599,648	-	-	-	4,599,648
Contributed property from the City (Note 7)	511,322	-	-	-	511,322
Grants from the State (Note 12)	15,177,032	-	-	-	15,177,032
Total noncapital subsidies	20,288,002	-	-	-	20,288,002
Operating (loss) income and noncapital subsidies	(16,123,434)	2,031	(72,125)	359,252	(15,834,276)
NONOPERATING REVENUES (EXPENSES)					
Capital subsidy from the City (Note 12)	61,678,420	-	-	-	61,678,420
Interest expense	(1,772,450)	-	(636,758)	-	(2,409,208)
Interest income	1,874,722	163	1,072,989	150,400	3,098,274
Total nonoperating revenues	61,780,692	163	436,231	150,400	62,367,486
Change in net position	45,657,258	2,194	364,106	509,652	46,533,210
NET POSITION					
Beginning of year	91,419,256	2,577,770	4,178,868	15,636,806	113,812,700
End of year	<u>\$137,076,514</u>	<u>\$ 2,579,964</u>	<u>\$ 4,542,974</u>	<u>\$ 16,146,458</u>	<u>\$160,345,910</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, 2026**

	Major Funds				Total
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Loan Fund	
OPERATING ACTIVITIES					
Receipts from rentals	\$ -	\$ 5,000	\$ -	\$ -	\$ 5,000
Receipts from loan administration	23,400	-	-	-	23,400
Receipts from loan repayments	(633)	-	-	42,810	42,177
Receipts from (payments for) other activities	(32,367)	16,282	31,823	403,943	419,681
Payments for operating activities	(1,157,999)	(17,088)	(74,567)	3,003	(1,246,651)
Payment of Diamond District project costs	(9,004,176)	-	-	-	(9,004,176)
Payments for economic incentive agreements	(16,649,406)	-	-	-	(16,649,406)
Net cash provided by (used in) operating activities	(26,821,181)	4,194	(42,744)	449,756	(26,409,975)
NONCAPITAL FINANCING ACTIVITIES					
Grants and receipts from City of Richmond	4,969,889	-	-	-	4,969,889
Grants and receipts from State of Virginia	15,177,032	-	-	-	15,177,032
Payments to escrows and reserves	-	11,719	-	-	11,719
Due to / from funds	(1,168,405)	1,204,305	(35,900)	-	-
Net cash provided by (used in) noncapital financing activities	18,978,516	1,216,024	(35,900)	-	20,158,640
CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(67,296,177)	-	-	-	(67,296,177)
Proceeds from note payable with City	14,700,000	-	-	-	14,700,000
Proceeds from City for stadium project	66,387,171	-	-	-	66,387,171
Interest paid	(1,625,450)	-	(638,817)	-	(2,264,267)
Payments received on notes receivable	-	-	1,740,266	-	1,740,266
Payments of recoverable grant payable	-	-	(795,000)	-	(795,000)
Net cash provided by capital and related financing activities	12,165,544	-	306,449	-	12,471,993
INVESTING ACTIVITIES					
Purchase of property held for economic development	(25,009,921)	-	-	-	(25,009,921)
Interest received	1,691,267	163	13,683	150,400	1,855,513
Net cash provided by (used in) investing activities	(23,318,654)	163	13,683	150,400	(23,154,408)
Net increase (decrease) in cash and cash equivalents	(18,995,775)	1,220,381	241,488	600,156	(16,933,750)
CASH AND CASH EQUIVALENTS					
Beginning of year	52,953,836	619,340	2,658,248	5,806,564	62,037,988
End of year	<u>\$ 33,958,061</u>	<u>\$ 1,839,721</u>	<u>\$ 2,899,736</u>	<u>\$ 6,406,720</u>	<u>\$ 45,104,238</u>
RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION					
Cash and cash equivalents, current assets	\$ 11,325,253	\$ 1,839,721	\$ 2,899,736	\$ 6,406,720	\$ 22,471,430
Cash and cash equivalents, restricted	22,632,808	-	-	-	22,632,808
	<u>\$ 33,958,061</u>	<u>\$ 1,839,721</u>	<u>\$ 2,899,736</u>	<u>\$ 6,406,720</u>	<u>\$ 45,104,238</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, 2026**

	Major Funds				Total
	Operating Fund	Leigh St. Fund	Stone Brewery Fund	Loan Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (36,411,436)	\$ 2,031	\$ (72,125)	\$ 359,252	\$ (36,122,278)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:					
Lease revenue	(91,328)	-	-	-	(91,328)
Loss on sale of economic development property	9,689,921	-	-	-	9,689,921
Depreciation and amortization	38,896	1,851	2,091	-	42,838
Bad debt expense	-	-	-	(6,946)	(6,946)
Change in current assets and liabilities:					
Receivables	(33,500)	-	31,823	3,000	1,323
Prepaid expenses	(164,520)	-	(4,533)	(3,000.00)	(172,053)
Loans receivable, net	(633)	-	-	42,810	42,177
Accrued interest receivable	-	-	-	34,330	34,330
Accounts payable	230	312	-	23,400	23,942
Other liabilities	151,189	-	-	-	151,189
Due to (from) City	-	-	-	(3,090)	(3,090)
Net cash provided by (used in) operating activities	<u>\$ (26,821,181)</u>	<u>\$ 4,194</u>	<u>\$ (42,744)</u>	<u>\$ 449,756</u>	<u>\$ (26,409,975)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES					
Contributed capital	<u>\$ 511,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 511,322</u>
Stadium construction costs accrued at year-end	<u>\$ 1,681,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,681,054</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, 2026

Note 1 – Organization and Purpose

The Industrial Development Authority of the City of Richmond, Virginia (the “IDA”) 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 IDA's ability to issue debt until it could be reorganized. On June 26, 2006, the City Council renamed the IDA 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 a component unit of the City.

The purpose of the Authority is to promote industry and develop trade by inducing manufacturing, industrial, government and commercial enterprises to locate in or remain in the City, 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.

Note 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 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 are recognized 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 reports the current Altria Theater building and associated agreements which funded 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, 2026

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 the 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. Nonoperating revenues and expenses are those identified by GASB Statement No. 103 and are limited to (a) subsidies received and provided, (b) contributions to permanent and term endowments, (c) revenues and expenses related to financing, (d) resources from the disposal of capital assets and inventory, and (e) investment income and expenses. Operating revenues and expenses are revenues and expenses other than nonoperating revenues and expenses.

A subsidy represents amounts received from or provided to another party. Amounts received from another party are considered a subsidy if it is unrelated to the services provided by the Authority and keeps the fees charged at the same amount or lower if the subsidy was not received. Amounts provided to another party are considered a subsidy if it is unrelated to the goods or services provided by those parties and will generally result in the other party charging higher fees in the future. Noncapital subsidies represent financial assistance that is not restricted solely for capital purposes and is intended to support ongoing operations or reduce the need for higher rates and charges. Capital subsidies represent resources restricted by the provider exclusively for capital acquisition, construction, or other capital-related purposes.

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. As such, there were no interfund transfers for the year ended June 30, 2026 or balances owed between the funds at June 30, 2026.

Property Held for Economic Development

Property held for future economic development represents land acquired by the Authority for purposes of future economic development. This type of property does not meet the criteria for reporting as inventory, land held for sale, or capital assets. This property is reported at acquisition value, which is generally historical cost, including directly attributable acquisition and preparation costs. For donated or nonexchange acquisitions, the properties are reported at estimated acquisition value. Additionally, the properties acquired generally include various buildings or other structures which historically have no value to the purpose of future development and are often demolished; therefore, the acquisition values are allocated exclusively to the land or property acquired. The values are evaluated annually for impairment of service capacity, which consists primarily of advancing the Authority's mission of economic development. No such impairment of future service capacity was noted for the year ended June 30, 2026.

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

Notes to Financial Statements

June 30, 2026

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

Leases

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date less any lease incentives. Subsequent to the initial measurement and recognition, the deferred inflows of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments 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.

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 and deferred inflows of resources. 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.

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

Notes to Financial Statements

June 30, 2026

Adoption of New Accounting Standard

Effective July 1, 2025, the Authority adopted GASB Statements No. 103, *Financial Reporting Model Improvements*, and No. 104, *Disclosures of Certain Capital Assets*. Statement No. 103 provides guidance to enhance the effectiveness of information provided to users of the financials and addresses certain application issues. Statement No. 104 provides guidance on presenting capital assets by major class in the footnote disclosures. The adoption of these standards did not have a material impact on the Authority's financial statements but did change presentation within the financial statements and footnote disclosures.

Note 3 – Significant Activities

Leigh St. Fund

The Authority has worked in cooperation with the City to develop the Westhampton School Property. The City and the Board of the Authority have agreed to transfer ownership of the property to the Authority, which in turn leases it to a third party under a long-term leasing arrangement at below-market terms.

Stone Brewery Fund

The Authority, in collaboration with the City 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. During 2016, when construction was completed, the financed purchase notes receivable between the Authority and Stone Brewing Co. became effective. See Note 5.

Note 4 – Cash, Cash Equivalents, and Investments

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.

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

Notes to Financial Statements

June 30, 2026

In June 2024, the Authority issued Series 2024 Revenue Bonds for the Diamond District Project. See Note 14. As of June 30, 2026, the unspent debt proceeds of \$22,632,808 from that issuance were invested as follows:

Type	Fair Value	S&P Credit Rating	Weighted Average Maturity
Cash equivalents:			
Money market funds	\$ 828,958	N/A	N/A
Investments reported at amortized cost:			
Virginia State Non-Arbitrage Program	21,803,850	AAAm	1 day
Total cash equivalents and investments	<u><u>\$ 22,632,808</u></u>		

Note 5 – Financed Purchase Notes Receivable

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, 2026, 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, 2026.

The following lists the components of the financed purchase note receivable at June 30, 2026:

	Minimum Note Payments	Less Unearned Revenue	Net Receivable
Current portion	\$ 44,000	\$ (24,131)	\$ 19,869
Noncurrent portion	506,000	(155,230)	350,770
	<u><u>\$ 550,000</u></u>	<u><u>\$ (179,361)</u></u>	<u><u>\$ 370,639</u></u>

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 \$25,958,972 at June 30, 2026, 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 \$8,926,095 at June 30, 2026.

The following lists the components of the financed purchase note receivable at June 30, 2026:

	Minimum Note Payments	Less Unearned Revenue	Net Receivable
Current portion	\$ 1,595,244	\$ (933,653)	\$ 661,591
Noncurrent portion	24,363,728	(7,992,442)	16,371,286
	<u><u>\$ 25,958,972</u></u>	<u><u>\$ (8,926,095)</u></u>	<u><u>\$ 17,032,877</u></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, 2026

Note 6 – Capital Assets

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

	<u>Balance July 1, 2025</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2026</u>
Governmental activities				
Capital assets, non-depreciable				
Land	\$ 142,165	\$ -	\$ -	\$ 142,165
Capital assets, depreciable				
Buildings and improvements	14,369,902	-	-	14,369,902
Accumulated depreciation	(14,369,902)	-	-	(14,369,902)
Total capital assets, depreciable, net	-	-	-	-
Total governmental activities	<u>\$ 142,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,165</u>
	<u>Balance July 1, 2025</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2026</u>
Business-type activities				
Capital assets, non-depreciable				
Land	\$ 1,470,223	\$ -	\$ -	\$ 1,470,223
Construction in progress	62,810,811	62,172,764	(124,963,335)	20,240
Total nondepreciable	64,281,034	62,172,764	(124,963,335)	1,490,463
Capital assets, depreciable				
Buildings and improvements	3,240,526	124,963,335	-	128,203,861
Website	126,895	-	-	126,895
Total depreciable, net	3,367,421	124,963,335	-	128,330,756
Accumulated depreciation				
Buildings and improvements	(3,240,526)	(4,575)	-	(3,245,101)
Website	(88,632)	(38,263)	-	(126,895)
Total accumulated depreciation	(3,151,894)	(42,838)	-	(3,278,892)
Total capital assets, depreciable, net	131,367	124,920,497	-	125,051,864
Total business-type activities	<u>\$ 64,412,401</u>	<u>\$ 187,093,261</u>	<u>\$ (124,963,335)</u>	<u>\$ 126,542,327</u>

Note 7 – Property Held for Economic Development

Operating Fund

Coliseum/City Center

During fiscal year 2023, the City and Richmond Redevelopment 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 will revert back to the City and/or the RRHA. The value of the property reported by the Authority is \$13,173,607 at June 30, 2026.

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

Notes to Financial Statements

June 30, 2026

Diamond District

During fiscal year 2024, the City conveyed parcels of real estate to the Authority with the intent that the land be sold for future development. The value of the property reported by the Authority is \$643,831 at June 30, 2026.

Public Safety Building

During fiscal year 2026, the City conveyed parcels of real estate to the Authority. The Authority has the intent to sell the property to be used for a mixed-use development that will also house the downtown transfer site for Richmond Metro region's bus system. The value of the property and contributed revenue reported by the Authority is \$511,322 for 2026.

Sports Backers Stadium

During fiscal year 2026, the Authority purchased the Sports Backers Stadium property from Virginia Commonwealth University ("VCU") for a total of \$25,009,921. Subsequent to the purchase, parcels of the property were sold to Diamond District Partners, LLC (the "Developer"). See Note 9 for further discussion. The value of the remaining property is \$15,319,999 at June 30, 2026.

Note 8 – Lease Receivable/Deferred Inflow of Resources

Operating Fund

The Authority is a lessor for an operating lease with Navigators Baseball, LP ("Navigators") for use of CarMax Stadium. Escalating annual payments of principal and interest, using an applied discount rate of 6.75%, are due quarterly through January 2056. As of June 30, 2026, the outstanding balance of the lease receivable and related deferred inflow of resources are \$32,878,008 and \$32,786,680, respectively. During 2026, the Authority recognized lease revenue of \$91,328, which is included in operating revenue on the statement of activities and statement of revenues, expenses, and changes in net position. The Authority recognized interest revenue of \$183,455, which is included in nonoperating revenue on the statement of activities and statement of revenues, expenses, and changes in net position.

Future maturities of the lease receivable are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 1,664,425	\$ 1,799,311	\$ 3,463,736
2028	1,109,045	2,090,955	3,200,000
2029	1,186,265	2,013,735	3,200,000
2030	1,268,862	1,931,138	3,200,000
2031	1,357,210	1,842,790	3,200,000
2032-2036	7,878,190	7,657,789	15,535,979
2037-2041	1,071,530	6,117,016	7,188,546
2042-2046	2,844,418	5,489,076	8,333,494
2047-2051	5,540,755	4,120,048	9,660,803
2052-2056	8,957,308	1,635,395	10,592,703
	<u>\$ 32,878,008</u>	<u>\$ 34,697,253</u>	<u>\$ 67,575,261</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, 2026

Note 9 – Commitments and Contingencies

Performance Agreements

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 beyond which funding has already been provided by the City. 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 at June 30, 2026, along with other restricted revenue sources.

Affordable Housing

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 beyond which funding has already been provided by the City. During the year ended June 30, 2026, the Authority has received grant funds totaling \$4,276,085 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 at June 30, 2026, along with other restricted revenue sources.

Small Business Capital Access

The Authority and the City have created the Small Business Capital Access Program. The purpose of the program 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 businesses. 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 beyond which funding has already been provided by the City. The Authority has grant funds totaling \$1,350,000 that have not yet been approved for distribution to the local businesses and thus are included in the Authority's restricted net position at June 30, 2026, along with other restricted revenue sources.

Diamond District

The Authority entered into a development agreement with the City and 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 site property to the Authority. Per the agreement, the Authority will sell 19.61 acres of the property to the Developer with the potential for the Developer to purchase an additional 12.08 acres in the Diamond District at a later date. In fiscal year 2025, the first parcel was sold to the Developer. An additional parcel was sold during fiscal year 2026, for a total of \$1. The parcel was part of the Sports Backer Stadium that the Authority purchased from VCU in June 2026. The Authority recognized a \$9,689,921 loss on the sale. The Developer will turn those parcels 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 which are to be funded with unspent bond proceeds. During the year ended June 30, 2026, the Authority paid a total of \$9,004,176 to the Developer for reimbursement of infrastructure costs.

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

Notes to Financial Statements

June 30, 2026

Note 10 – 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 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, 2026, the carrying value of loans receivable from the CARE program was \$24,686, 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 \$409,346 during the year ended June 30, 2026, which is included in rebate expenses on the statement of revenues, expenses and changes in net position.

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, 2026, the carrying value of loans receivable from the CAP program was \$77,024, less an uncollectible allowance of \$34,987. 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, 2026, approximately nine million in loans had been granted from these funds, and the carrying value of the loans was \$7,006,479 which did not include a fee income receivable, less an uncollectible allowance of \$144,169.

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

Notes to Financial Statements

June 30, 2026

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, 2026, the carrying value of loans receivable from the RLP program was \$1,062,393, less an uncollectible allowance of \$344,366. 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, 2026.

Note 11 – 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.

Note 12 – Related Party Transactions

Operating Fund

For the year ended June 30, 2026, the Authority reports \$1,623,563 in economic development incentives from the City, of which \$414,662 is receivable at year-end, to be passed on to approved businesses in accordance with the terms of performance agreements. The Authority also received \$15,177,032 in economic incentive funds from the State that was passed through the City on to approved businesses in accordance with the terms of performance agreements. Incentive grants of \$16,800,595 were awarded out during the year, \$564,377 of which are included in accounts payable at June 30, 2026.

During the year ended June 30, 2026, 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.

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

Notes to Financial Statements

June 30, 2026

During the year ended June 30, 2026, the City made a contribution to the CARE loan program of \$300,000. See Note 10 for further discussion.

At June 30, 2026, the Authority had \$89,409 in unspent funding for the Façade Improvement Grant Program. There were no grants awarded during the year ended June 30, 2026. The remaining balance is classified as restricted net position on the statement of net position.

In a prior year, the Authority received funding from the City for the creation of the Small Business Capital Access Program. See Note 9 for further discussion. There were no awards in the current year, and 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, 2026, the Authority received an additional \$2,276,085 from the City for the affordable housing grants. The Authority received an initial payment in the prior year of \$2,000,000. See Note 9 for further discussion. There were no funds awarded during the year ended June 30, 2026. The balance is classified as restricted net position on the statement of net position.

During the year ended June 30, 2026, the Authority received \$59,997,366 from the City for the purpose of construction of the new stadium. At June 30, 2026, the City owed a balance of \$1,681,054 to the Authority for costs of the stadium through June 30, 2026, 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, 2026, the Authority owed the City \$11,115 related to these rental fees.

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.

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

Notes to Financial Statements

June 30, 2026

Note 14 – Long-Term Liabilities

Long-term liabilities of the Authority consist of the following:

Recoverable grant payable to the City for development of the Stone Brewing project 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%. \$ 16,065,000

Bond payable for construction of public infrastructure within the Diamond District of \$33,745,000 due in semi-annual installments of varying amounts at rates ranging from 4% to 5% commencing December 1, 2024, through June 1, 2056. 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. 33,745,000

Note payable to the City to help finance the purchase of the Sports Backer Stadium from VCU \$14,700,000. Interest on the note accrues at 4% annually. Principal and interest are due in full on December 31, 2036. Total accrued interest at June 30, 2026 was \$147,000. 14,847,000
\$ 64,657,000

Activity in long-term liabilities for fiscal year 2026 follows:

Debt	Balance at July 1, 2025	Issued	Retired	Balance at June 30, 2026	Amount Due Within One Year
Stone Brewery Fund recoverable grant payable	\$ 16,860,000	\$ -	\$ (795,000)	\$ 16,065,000	\$ 820,000
Diamond District bond payable	33,745,000	-	-	33,745,000	1,375,000
Premium on bond payable	3,089,220	-	-	3,089,220	-
Sports Backers Stadium note payable, including accrued interest	-	14,847,000	-	14,847,000	-
	<u>\$ 53,694,220</u>	<u>\$ 14,847,000</u>	<u>\$ (795,000)</u>	<u>\$ 67,746,220</u>	<u>\$ 2,195,000</u>

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

Year Ending June 30,	Stone Brewery		Diamond District		Sports Backer Stadium	
	Principal	Interest	Principal	Interest	Principal	Interest
2027	\$ 820,000	\$ 617,619	\$ 1,375,000	\$ 1,625,450	\$ -	\$ -
2028	850,000	590,969	1,435,000	1,556,700	-	-
2029	875,000	562,069	1,510,000	1,484,950	-	-
2030	905,000	531,444	1,585,000	1,409,450	-	-
2031	940,000	498,638	1,660,000	1,330,200	-	-
2032-2036	5,265,000	1,927,562	9,640,000	5,318,250	14,700,000	7,712,379
2037-2041	6,410,000	789,200	1,580,000	3,691,000	-	-
2042-2046	-	-	2,945,000	3,168,250	-	-
2076-2051	-	-	4,830,000	2,265,800	-	-
2052-2056	-	-	7,185,000	1,050,050	-	-
	<u>\$ 16,065,000</u>	<u>\$ 5,517,501</u>	<u>\$ 33,745,000</u>	<u>\$ 22,900,100</u>	<u>\$ 14,700,000</u>	<u>\$ 7,712,379</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, 2026

Note 15 – Subsequent Events

During 2026, the Authority entered into a lease with VCU for the use of CarMax Stadium, subject to certain terms and conditions. The lease was intended to commence at the later of the start of VCU's 2026 fall baseball season or the date a use agreement is entered into by VCU and the Navigators. However, the start date would be no later than September 1, 2026. A use agreement had not been entered into between VCU and the Navigators by September 1, 2026. An amendment was entered into on August 28, 2026, to extend the commencement date to December 31, 2026. The initial term of the lease is for 10 years with the option to renew it for two additional 10-year terms.

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 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, 2026, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated [REDACTED], 2026.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses, as item 2026-001, to be a material weakness.

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. We consider the deficiency described in the schedule of findings and responses, as items 2026-002, to be a significant deficiency.

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 or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Findings

Government Auditing Standards require 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

Colonial Heights, Virginia
_____, 2026

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

Summary of Compliance Matters

June 30, 2026

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

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, 2026

A – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements.
2. One significant deficiency and one material weakness 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.

B – Findings – Financial Statement Audit

2026-001 – Material Adjusting Journal Entries on Operating Fund (Material Weakness in Internal Control over Financial Reporting)

Condition and Criteria As part of the audit, material adjustments were required to appropriately reflect the value and activity of properties held for economic development, specifically some properties related to the Diamond District and Public Safety Building projects, in the Operating Fund.

Effect Financial statements and related disclosures prepared on a generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) basis were misstated by an amount that we deem to be material.

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 all material transactions for the property held for economic development 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 draft GAAP- and GASB-compliant financial statements and related disclosures prior to issuance.

View of Responsible Officials
and Planned Corrective
Action

**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, 2026

2026-002 – Capital Assets (Significant Deficiency in Internal Control over Financial Reporting)

Condition and Criteria During our audit of the Diamond District activity, we noted significant costs associated with the acquisition and installation of playground equipment were inappropriately expensed that should have been capitalized.

Effect The misclassification resulted in the understatement of capital assets and an overstatement of current year expenses prior to the audit adjustment. Additionally, inaccurate classification of capital expenditure could impact the reliability of financial information used by management and the Board for financial reporting and decision-making purposes.

Cause Existing procedures for reviewing capital asset additions did not adequately ensure that capital asset additions were properly evaluated and appropriately recorded.

Recommendation We recommend that management implement procedures to review significant capital expenditures and other large-dollar expenditures throughout the year to determine whether capitalization is required. This review should include consideration of the Authority's capitalization policy and documented approval of the accounting treatment prior to recording transactions. Periodic reviews of capital expenditures by management would help ensure capital assets are properly identified and recorded in a timely manner.

View of Responsible Officials
and Planned Corrective
Action

C – Findings – Commonwealth of Virginia

None noted.

D – Status of Prior Year Financial Statement Audit Findings

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

Condition 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.

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.

Status This does not appear to have been addressed. See 2026-001.

**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, 2026

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

Condition 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.

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.

Status This has been addressed in the current year.

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

Corrective Action Plan

June 30, 2026

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

Corrective Action Plan

June 30, 2026

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

**Report to the Board of Directors
and Management**

June 30, 2026

Economic Development Authority of the City of Richmond, Virginia

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Required Communication with Those Charged with Governance

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 the 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, collectively hereafter referred to as the "Authority" for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Governmental Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you July 6, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 2 to the financial statements. As described in Note 2 to the financial statements, the Economic Development Authority of the City of Richmond, Virginia adopted new accounting standards for 2026: GASB Statement No. 103, *Financial Reporting Model Improvements* and GASB Statement 104, *Disclosure of Certain Capital Assets*. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. Otherwise, there were no changes to the application of existing policies during 2026.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

- The useful lives of capital assets are based on management's knowledge and judgment, which is based on historical usage.
- The allowance for credit losses on loan program receivables are based on an analysis of risk assessments of credit risk of individual borrowers.
- Lease receivables and related deferred inflows of resources are valued based on estimated discount rate applied to future payments and the term of the lease, including the likelihood of exercising renewal options.

We have evaluated the methods, assumptions, and data used to develop these estimates in determining that they are reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of commitments and contingencies in Note 9, the related party transactions disclosures in Note 12, and disclosure of lease receivable and deferred inflows of resources in Note 8 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements, and management has corrected certain other misstatements detected as a result of audit procedures as summarized in the attached journal entries (Appendix B).

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter included in Appendix A.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Economic Development Authority of the City of Richmond, Virginia's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Economic Development Authority of the City of Richmond, Virginia's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis as listed in the Table of Contents, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Economic Development Authority of the City of Richmond, Virginia and is not intended to be, and should not be, used by anyone other than these specified parties.

CERTIFIED PUBLIC ACCOUNTANTS

Colonial Heights, Virginia

 , 2026



Independent Auditor's Report on Comments and Suggestions

To the Board of Directors of
Economic Development Authority of the City of Richmond, Virginia
Richmond, Virginia

In planning and performing our audit of the financial statements of the Economic Development Authority of the City of Richmond, Virginia as of and for the year ended June 30, 2026, in accordance with auditing standards generally accepted in the United States of America, we considered its 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 and to comply with any other applicable standards, such as Government Auditing Standards and the regulations set forth in the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph 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 were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

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.

If material weaknesses or significant deficiencies were identified during our procedures they are appropriately designated as such in this report. Additional information on material weaknesses or significant deficiencies and compliance and other matters is included 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*** which should be read in conjunction with this report.

Additionally, during our audit, we may have become aware of certain other matters that provide opportunities for improving your financial reporting system and/or operating efficiency. Such comments and suggestions regarding these matters, if any, are also included in the attached report, but are not designated as a material weakness or significant deficiency. Since our audit is not designed to include a detail review of all systems and procedures, these comments should not be considered as being all-inclusive of areas where improvements might be achieved. We also have included information on accounting and other matters that we believe is important enough to merit consideration by management

and those charged with governance. It is our hope that our suggestions will be taken in the constructive light in which they are offered.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Economic Development Authority of the City of Richmond, Virginia, management and appropriate state and federal regulatory agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

CERTIFIED PUBLIC ACCOUNTANTS

Colonial Heights, Virginia

 , 2026

Economic Development Authority of the City of Richmond, Virginia

Comments and Suggestions

June 30, 2026

Monitoring of Diamond District Project Agreements

During our review of the stadium lease, we noted that a capital reserve account required by the agreement was established in August of 2026 but was not established by the lease commencement date of June 1, 2026. Management and the Board should implement a formal process to periodically review significant agreements related to the Diamond District project, including the stadium lease, to ensure compliance with all contractual requirements. To help prevent similar compliance issues, we recommend that the Board and the individual from the City's Economic Development department, who is responsible for oversight of the Diamond District project perform and document a review of key agreement provisions on at least a quarterly basis, or more frequently if deemed appropriate. This review should include monitoring compliance with contractual obligations, deadlines, and other significant provisions.

Stale Accounts Receivable

During our testing over accounts receivable, we noted a total of \$26,936 reported in the Leigh Street Fund and \$17,000 reported in the Stone Brewery Fund that have been carried forward from prior years. Timely resolution has been delayed due to other organization priorities. We recommend that the Board review the outstanding balances and determine whether collection efforts should continue or whether the balances should be written off. This review should be performed in consultation with the new fractional CFO firm. Based on that assessment, the Authority should make any necessary adjustments to the recorded balance.

Construction in Progress

During our testing over capital assets, we noted \$20,240 of construction in progress in the Leigh Street Fund. The total is related to engineering and architectural designs capitalized in fiscal year 2021 for bathroom and storage facility additions to the Authority's athletic field at the Westhampton property. Timely resolution has been delayed due to other organization priorities. We recommend that the Authority work with its new fractional CFO firm to evaluate the status of the project and determine whether to proceed or formally abandon it. Based on that assessment, the Authority should make any necessary adjustments to the recorded balance.

Tobacco Row Lease

During our testing over the Tobacco Row lease, we noted that the Authority did not receive the fiscal year 2026 rental payment. The original tenant had assigned the lease to a new tenant, who did not remit payment to the Authority. City of Richmond Economic Development staff assisted with collection efforts; however, staff turnover and a leave of absence delayed the persistence of these efforts. We recommend establishing a recurring process to monitor rent payments, document collection efforts, and promptly follow up on outstanding balances. These controls will help ensure rental revenue is complete and collected in accordance with lease terms.

Economic Development Authority of the City of Richmond, Virginia

Comments and Suggestions

June 30, 2026

Review of Loan Balances

During our loan testing, we noted that several balances remained recorded as of June 30, 2026, even though the related loans had been referred to collections in the prior year. The Board had not formally determined how to address these balances during the current year. We recommend that the Board review all recorded loans referred to collections and determine the appropriate disposition of the related balances. The Board should also approve a policy to handle similar situations, and the policy should also be documented.

Allowance For Loan Balances

During our testing of the allowance for loans, we noted that the methodology used to calculate the allowance was inconsistent with the documented policy, which is considered by management to be outdated. We recommend that the Board review the current methodology and existing policy, update the policy to reflect the approved methodology, and document its approval.

Audit Adjustments for Loan Fund

The audit team recorded an adjustment to reverse an erroneous fiscal year 2026 entry posted by the predecessor accounting firm to align prior year balances with the prior year's audited amounts. Because the new fractional CFO firm was unaware of the error when preparing the loan schedules and related adjustments, an additional adjustment was required to correct accrued interest and interest income. We recommend that, after completion of the fiscal year 2026 audit, the Authority and its fractional CFO firm establish procedures to reconcile subsequent-year beginning balances to the prior year's audited amounts.

Economic Development Authority of the City of Richmond, Virginia

Accounting and Other Matters

June 30, 2026

New GASB Pronouncements

In this section, we would like to make you aware of certain confirmed and potential changes that are on the horizon that may affect your financial reporting and audit.

The GASB issued **Statement No. 105, *Subsequent Events*** in December 2025. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed.

This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

How the changes in this statement will improve financial reporting: The requirements of this Statement will improve financial reporting related to subsequent events by (1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and (2) specifying the information items that are required to be disclosed about subsequent events. Those improvements will assist preparers and auditors in applying the requirements more consistently, thereby reducing diversity in practice and providing information that better meets the needs of financial statement users.

How the Board considered costs and benefits in the development of this statement: One of the principles guiding the Board's setting of standards for accounting and financial reporting is the assessment of expected benefits and perceived costs. The Board strives to determine that its standards address significant user needs and that the costs incurred through the application of its standards, compared with possible alternatives, are justified when compared to the expected overall public benefit. The Board believes that the expected benefits of implementing this Statement—essential information about certain subsequent events that is more consistent, comparable, relevant, reliable, and understandable—are significant to users of financial statements. The Board believes that, in general, governments will have the information required to be disclosed and that some governments may already disclose that information. The Board also believes that permitting governments to disclose the reason why certain information cannot be disclosed mitigates potential cost concerns. Therefore, the Board believes that the costs associated with the implementation of and ongoing compliance with this Statement will be minimal and that the expected benefits of this Statement justify its perceived costs.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

Economic Development Authority of the City of Richmond, Virginia

Accounting and Other Matters

June 30, 2026

Current GASB Projects

GASB currently has a variety of projects in process. Some of these projects are discussed below.

Going Concern Uncertainties and Severe Financial Stress. The objective of this project is to address issues related to disclosures regarding going concern uncertainties and severe financial stress. The project will consider (1) improvements to existing guidance for going concern considerations to address diversity in practice and clarify the circumstances under which disclosure is appropriate, (2) developing a definition of severe financial stress and criteria for identifying when governments should disclose their exposure to severe financial stress, and (3) what information about a government's exposure to severe financial stress is necessary to disclose. The Board is redeliberating issues in light of feedback received in response to the Preliminary Views, *Severe Financial Stress and Probable Dissolution Disclosures*.

Implementation Guidance Update - 2026. The objective of this project is to update implementation guidance for additional issues that came to the attention of the staff. The 2026 update project is focused solely on issues related to subsidies as defined in Statement No. 103, *Financial Reporting Model Improvements*. In February, an Exposure Draft of a proposed Implementation Guide was issued for public comment. The comment period concluded on April 27, 2026.

Infrastructure Assets. This project will address issues related to accounting and financial reporting for infrastructure assets. The project will evaluate standard-setting options related to reporting infrastructure assets to make information (1) more comparable across governments and more consistent over time, (2) more useful for making decisions and assessing government accountability, (3) more relevant to assessments of a government's economic condition, and (4) better reflect the capacity of those assets to provide service and how that capacity may change over time. An Exposure Draft of a proposed Statement, *Infrastructure Assets*, was approved for public comment in March 2026. The comment period concluded on June 26, 2026.

Revenue and Expense Recognition. The overall objective of this project is to develop a comprehensive, principles-based model that would establish categorization, recognition, and measurement guidance applicable to a wide range of revenue and expense transactions. Achieving that objective will include: (1) development of guidance applicable to topics for which existing guidance is limited, (2) improvement of existing guidance that has been identified as challenging to apply, (3) consideration of a performance obligation approach to the GASB's authoritative literature, and (4) assessment of existing and proposed guidance based on the conceptual framework. The expected outcome of the project is enhanced quality of information that users rely upon in making decisions and assessing accountability. The Board is redeliberating the Preliminary Views proposals.

Appendix A

Management Representation Letter

Appendix B

Adjusting Journal Entries

FY2027 Draft Leigh Street Budget

PROPOSED FY27 EDA LEIGH STREET FACILITY BUDGET

	FY23 Actual	FY24 Actual	FY25 Actual	FY26 Actual	FY27 Proposed
Ordinary Income/Expense					
Income					
40000 · Event Income	\$ 143,079	\$ 158,269	\$ 30,015		
41200 · Grants	\$ -	\$ 1,200,000	\$ -		
41400 · Sponsorship Fee-Bon Secours	\$ 0	\$ 0	\$ 6,400		
41500 · Advertising & Other Income	\$ 8,812	\$ 13,133	\$ -		
41600.1 · Building Rent-1st Floor	\$ 296,975	\$ 302,914	\$ 27,051		
41600.2 · Building Rent-2nd Floor	\$ 161,376	\$ 161,376	\$ 26,896		
41600.3 · 1st Floor Ground Rent	\$ 21,204	\$ 21,204	\$ 3,534		
41600.4 · 2nd Floor Ground Rent	\$ 6,756	\$ 6,756	\$ 1,126		
41600.5 · 1st Floor CAM	\$ 217,443	\$ 199,500	\$ 33,250		
41600.6 · 2nd Floor CAM	\$ 77,266	\$ 92,340	\$ 15,390		
41650 · Rental Income-Westhampton	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
41660 · Westhampton Maintenance Res	\$ 13,527	\$ 39,217	\$ 14,104	\$ 16,282	\$ 15,000
43100 · Interest Revenue Lease	\$ -	\$ 77	\$ -		
Total Income	\$ 951,438	\$ 2,199,787	\$ 162,767	\$ 21,282	\$ 20,000
Expense					
60100 · Amortization Expense	\$ 29,239	\$ 29,239	\$ 4,873		
60500 · Staffing	\$ 187,980	\$ 90,635	\$ -		
60510 · Payroll Expenses	\$ 6,102	\$ 5,853	\$ -		
61000 · General and Administrative	\$ 53,092	\$ 17,388	\$ 1,620		
61500 · Security Service	\$ 8,949	\$ 9,356	\$ 740		
63400 · Interest Expense - Lease	\$ 48,599	\$ 6,650	\$ 8,199		
63500 · Bank Service Charges	\$ 276	\$ 975	\$ 432	\$ 501	\$ 500
63700 · Landscaping and Groundskeeping	\$ 11,700	\$ 15,100	\$ 13,600	\$ 14,901	\$ 15,000
66500 · Telephone Expense	\$ 4,754	\$ 4,712	\$ 327		
66670 · Insurance Expense	\$ 27,807	\$ 16,990	\$ 2,658	\$ 305	\$ 325
66700 · Professional Fees	\$ 0	\$ 13,230	\$ 1,620		
67100 · Ground Rent Expense	\$ 0	\$ 0	\$ -		
67700 · Real estate taxes	\$ 4,819	\$ 16,772	\$ -		
68400 · Grounds Maintenance	\$ 105,368	\$ 87,110	\$ 11,095		

68500 · Maintenance Expense	\$	60,471	\$	29,818	\$	3,100				
68510 · Janitorial Service Supplies	\$	17,861	\$	27,646	\$	8,466				
69000 · Base Management Expense	\$	15,203	\$	7,522	\$	-				
69001 · Incentive Management Fee	\$	4,964	\$	4,486	\$	-				
69500 · Operations	\$	20,194	\$	21,921	\$	-				
78000 · Utilities	\$	128,265	\$	145,337	\$	37,164	\$	1,693	\$	1,800
Total Expense	\$	735,644	\$	550,741	\$	93,894	\$	17,400	\$	17,625
Net Ordinary Income	\$	215,795	\$	1,649,046	\$	68,873	\$	3,882	\$	2,375
Other Income/Expense										
Other Income										
42800 · Interest Income-Cking	\$	25	\$	33	\$	66		163	\$	150
42801 · Gain/Loss disposal of assets	\$	-	\$	-	\$	2,835,048	\$	-	\$	-
Total Other Income	\$	-	\$	-	\$	2,835,048	\$	-	\$	-
Other Expense										
72500 · Depreciation Expense	\$	318,163	\$	319,399	\$	54,790	\$	1,851	\$	1,697
Total Other Expense	\$	318,163	\$	319,399	\$	54,790	\$	1,851	\$	1,697
Net Other Income	\$	(318,163)	\$	(319,399)	\$	2,780,258	\$	(1,851)	\$	(1,697)
Net Income	\$	(102,369)	\$	1,329,646	\$	2,849,131	\$	2,031	\$	678

FY2027 Draft Stone/Sapporo Budget

Richmond EDA - Stone/Sapporo

FY 2027 Budget (accrual)

	FY26 Actual	FY27 Budget
Income		
42800 Interest Income	\$13,683	\$13,000
43000 Interest on Capital Lease	\$1,059,306	\$1,016,686
Total Income	\$1,072,989	\$1,029,686
Expenses		
62400 Depreciation Expense	\$2,091	\$2,091
63300 Insurance Expense	\$9,930	\$12,675
63500 Bank Fees	\$3	\$25
66100 Interest Expense-Bond	\$636,758	\$614,114
67200 Repairs and Maintenance	\$51,093	\$50,000
67500 Roof Expense	\$8,732	\$10,000
68600 Utilities	\$277	\$300
Total Expenses	\$708,884	\$689,205
Net Income	\$364,105	\$340,481

Supplemental - FY27 cash flow

Lease payments received	\$1,740,266
Bank interest	\$13,000
Bond interest paid	(\$614,114)
Bond principal (Jun-27)	(\$820,000)
Cash opex	(\$34,185)
Net change in cash	\$284,967

Required cash in account	\$2,509,700
Current cash in account (8/31/26)	\$3,173,925
Low Point	\$2,799,818
Excess	\$290,118

Notes

In line with FY26; lower June cash base

Per amort schedule; declines yearly as principal pays down

40-yr SL on bldg improvements; no new capex planned

12 mos @ 1,056.23 (May-26 renewal); FY26 had prior-policy credits

12 mos @ 51,176.15 (post 6/26 principal pmt); Jun-27 steps down slightly, immaterial

Uncertain of how this is supposed to work. Do we want \$50k in this?

Consistent w/ FY26 spend

Semiannual (Dec/Jun)

Per 6/30/26 current portion

Ins. premium 13,860 + R&M/roof/util; excl. depreciation

Proj. cash 6/30/27 ~3.18M

July 1 2025

Capital Lease Amortization - FY 2027

Assumptions

Net investment 6/30/26	\$17,032,876.40	Per 6/30/26 BS (LT 16,322,346.79 + curr 710,529.61)
Monthly payment	\$145,022.19	Per lease
Implicit rate (monthly)	0.50718%	Backed into from FY26 actuals

Month	Beg Balance	Interest	Payment
Jul-26	\$17,032,876.40	\$86,387.38	\$145,022.19
Aug-26	\$16,974,241.59	\$86,089.99	\$145,022.19
Sep-26	\$16,915,309.39	\$85,791.10	\$145,022.19
Oct-26	\$16,856,078.30	\$85,490.69	\$145,022.19
Nov-26	\$16,796,546.80	\$85,188.76	\$145,022.19
Dec-26	\$16,736,713.37	\$84,885.30	\$145,022.19
Jan-27	\$16,676,576.48	\$84,580.29	\$145,022.19
Feb-27	\$16,616,134.58	\$84,273.74	\$145,022.19
Mar-27	\$16,555,386.14	\$83,965.64	\$145,022.19
Apr-27	\$16,494,329.59	\$83,655.97	\$145,022.19
May-27	\$16,432,963.37	\$83,344.74	\$145,022.19
Jun-27	\$16,371,285.92	\$83,031.92	\$145,022.19
Total		\$1,016,685.53	\$1,740,266.28

61)

Principal	End Balance
\$58,634.81	\$16,974,241.59
\$58,932.20	\$16,915,309.39
\$59,231.09	\$16,856,078.30
\$59,531.50	\$16,796,546.80
\$59,833.43	\$16,736,713.37
\$60,136.89	\$16,676,576.48
\$60,441.90	\$16,616,134.58
\$60,748.45	\$16,555,386.14
\$61,056.55	\$16,494,329.59
\$61,366.22	\$16,432,963.37
\$61,677.45	\$16,371,285.92
\$61,990.27	\$16,309,295.65
\$723,580.75	

Richmond EDA – Stone Brewing (Sapporo) Facility Summary

Background

In 2014, the City of Richmond agreed to own and build a brewery because of winning a deal to have Stone Brewing build an east coast brewery (previously they were producing on the West Coast (San Diego) only).

To do this, the city of Richmond issued \$23m in bonds and gave the proceeds to the EDA. The EDA then built the facility and Stone signed a 25 year lease with the EDA.

In 2022, Sapporo bought Stone Brewing and took over the lease.

Importantly, once the lease ends, assuming performance is met, the tenants have the option to buy the building and land from the EDA for \$25k.

How the cash flows

Sapporo pays the EDA around \$145k/month (\$1.7m/year) in rent, which ultimately covers the city's payments for the bonds.

The payments are due monthly from Sapparo to the EDA. The EDA pays the city twice per year. In December it makes an interest payment (\$614k) and in June it makes a payment of both interest and principal.

The tenant pays for taxes, insurance and routine maintenance. The EDA has limited costs.

How the accounting works

The EDA has a receivable asset for the balance that Sapparro owes (around \$17.0m on 6/30/26).

Additionally, the EDA has a liability of around \$16.1m which is what the EDA owes the city.

The two balances will be paid down over time concurrently for the remainder of the lease (around 15 years).

How it's performing

Payments have been consistently made on time, and the rent coming in is more than the debt payments going out, resulting in net income of \$364k in 2026 and expected \$380k in 2027.

Important notes

- 1) The Income Statement will show that the income is greater than the actual cash increase. That is because a portion of the income goes to pay off principal, which is not an expense. In FY26, income was \$364k, while cash only increased \$241k.
- 2) The lowest cash balance in the last 12 months was \$2.8m. Unless there are future expected changes to the Saparro lease, cash will increase modestly in the future.
- 3) The EDA is required to keep 175% of debt service in the bank account as part of the agreement with the city, see Table 1 for details

Table 1:

Required cash in account		\$2,509,700	1.75x debt service
Current cash in account (8/31/26)		\$3,173,925	As of Aug 31 2026
Low Point		\$2,799,818	June 3 2026 (note: June will always be the low point of cash, due to the \$820k payment to the city)
Remainder		\$290,118	Difference between low point and required cash

Appendix A: Purchase option detail

ARTICLE 30 PURCHASE OPTION.

30.1 Provided this Lease is not sooner terminated, and provided no Tenant Event of Default has occurred and continued beyond applicable notice and cure periods as of the expiration of the Term, Tenant shall have the absolute right to purchase the fee simple interest in the Premises (the “**Purchase Option**”) from Landlord effective upon the expiration of the Term of this Lease (i.e., at the end of the 25th Lease Year) for a purchase price in an amount equal to Twenty-Five Thousand Dollars (\$25,000) (the “**Purchase Price**”), subject to the following terms and conditions:

(a) Tenant shall be automatically be deemed to have exercised the Purchase Option unless Tenant provides written notice to Landlord not less than one hundred eighty (180) days prior to the expiration of the Term expressly indicating that Tenant is electing not to exercise the Purchase Option.

(b) On or before the last day of Term, Landlord shall execute, acknowledge and deliver to Tenant a Special Warranty Deed (the “**Deed**”), in form customarily used in commercial transactions in Richmond, Virginia and reasonably acceptable to Tenant, conveying good and

marketable fee simple title to the Premises to Tenant, free of any Mortgages (or similar liens or encumbrances), and subject only to matters of record as of the last date of the Term.

(c) On or before the last day of the Term, Tenant shall pay to Landlord the Purchase Price.

(d) In addition to the Deed, Landlord and Tenant shall execute, acknowledge and deliver to one another, and/or to a title insurance company insuring the purchase of the Premises, such other reasonable instruments, certificates and agreements as may be requested and which are customary for similar real estate transaction occurring in Richmond, Virginia.

(e) Landlord covenants and agrees that it will not create or cause or permit any lien, encumbrance or other exception to title to attach to the Premises after the date of the Effective Date other than easements permitted in accordance with Section 27.7 of this Lease or any Mortgages that will be satisfied and released on or before the expiration of the Term.

30.2 Without limiting any other right or remedy of Tenant, the parties acknowledge and agree that if Landlord shall default or breach in its obligation to convey title to the Premises as required by this Article 30, Tenant shall have the right to specifically enforce Tenant’s rights and Landlord’s obligations hereunder.