

RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statutes.

Issuer Name: **Brooks Development Authority**

Issue(s):

\$ 32,650,000 Special Facilities Hotel Revenue Refunding Bonds, Series 2017

Filing Format ☒ electronic ___ paper; If available on the Internet, give URL: _____

CUSIP Numbers to which the information filed relates (optional):

☒ Nine-digit number(s) (see following page(s)):

___ Six-digit number if information filed relates to all securities of the issuer

Financial & Operating Data Disclosure Information

☒ Annual Financial Report or CAFR

☒ Financial Information & Operating Data

Other (describe) _____

☒ Fiscal Period Covered: FYE 2021

Monthly Quarterly ☒ Annual

Other: _____

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: /s/

Name: Samantha Burke

Title: Chief Operating Officer

Employer: Brooks Development Authority

Telephone Number: 210-678-3391

Email Address: samantha@livebrooks.com

DESCRIPTION OF ISSUES COVERED BY THIS REPORT

Special Facilities Hotel Revenue Refunding Bonds, Series 2017

Date	Principal	CUSIP
08/15/52	\$ 32,650,000	11440PAA7
	\$ 32,650,000	

CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2021

BROOKS DEVELOPMENT AUTHORITY

HOTEL REVENUE



FINANCIAL STATEMENTS

The audited financial statements for the Authority for the fiscal year ended September 30, 2021 are being filed directly with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA"), and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

SIGNATURE OF ISSUER

The information set forth herein has been obtained from the Authority and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Authority or other matters described.

Brooks Development Authority

/s/

Samantha Burke

Chief Operating Officer

Approved for Submission:

01/04/2022

Date

CERTIFICATE OF SUBMISSION OF ANNUAL REPORT

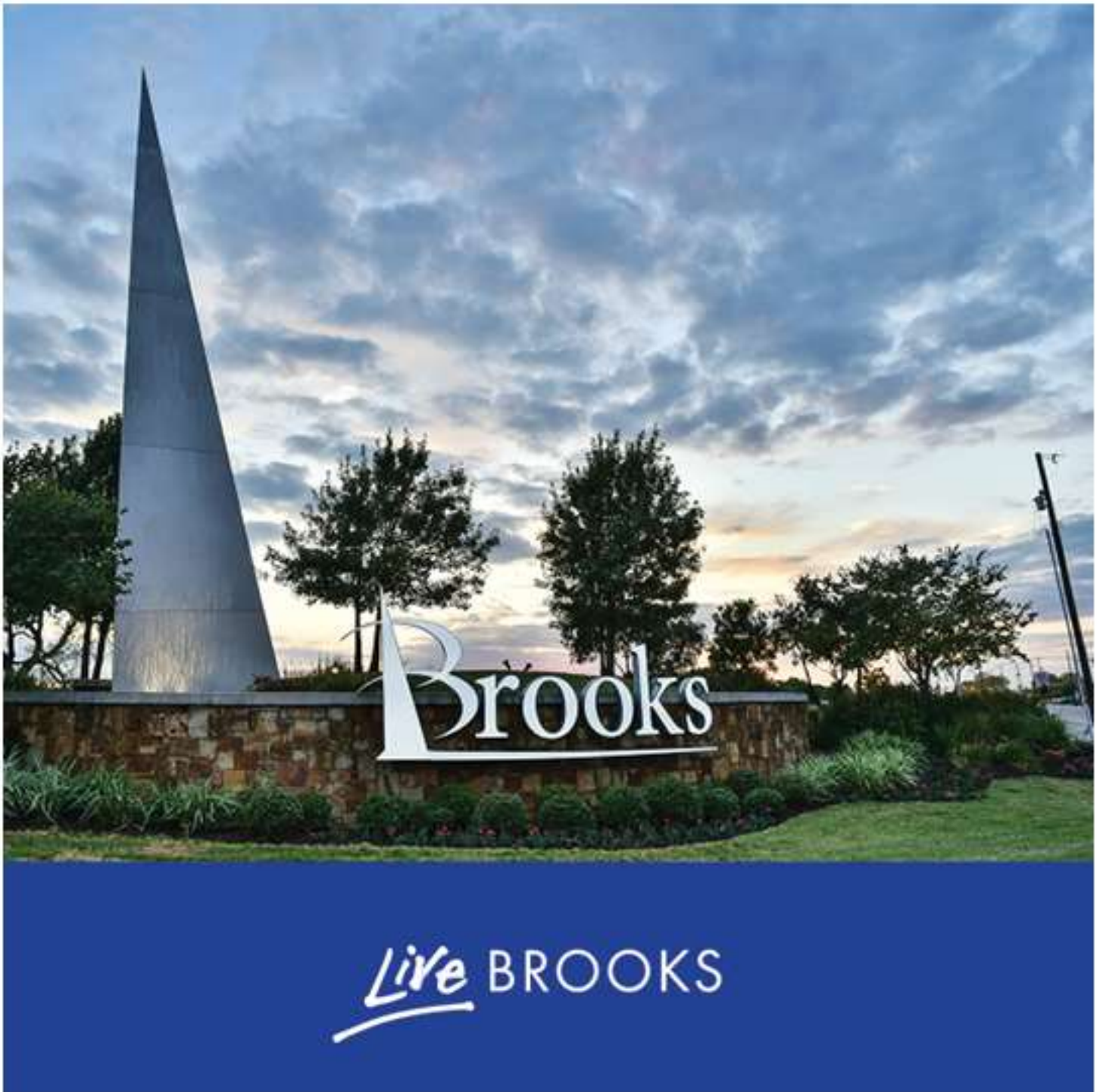
Subject to the continuing disclosure requirements of SEC Rule 15c2-12, this Annual Continuing Disclosure Report for the Brooks Development Authority with respect to the issues listed on the report cover was submitted directly to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") listed below.

Municipal Securities Rulemaking Board ("MSRB")
via the Electronic Municipal Market Access ("EMMA") system

HTS Continuing Disclosure Services, A Division of Hilltop Securities Inc.

Signed by:

/s/ Petia Moutaftchieva



Brooks Development Authority
(A component of the City of San Antonio, Texas)

Audited Financial Statements
For the Fiscal Years Ended September 30, 2021 and 2020

Brooks Development Authority

(A Component Unit of the City of San Antonio, Texas)

Audited Financial Statements

For the Fiscal Years Ended September 30, 2021 and 2020

Prepared by:

Department of Accounting & Finance

Samantha H. Burke

Chief Operating Officer

Brooks Development Authority

San Antonio, Texas

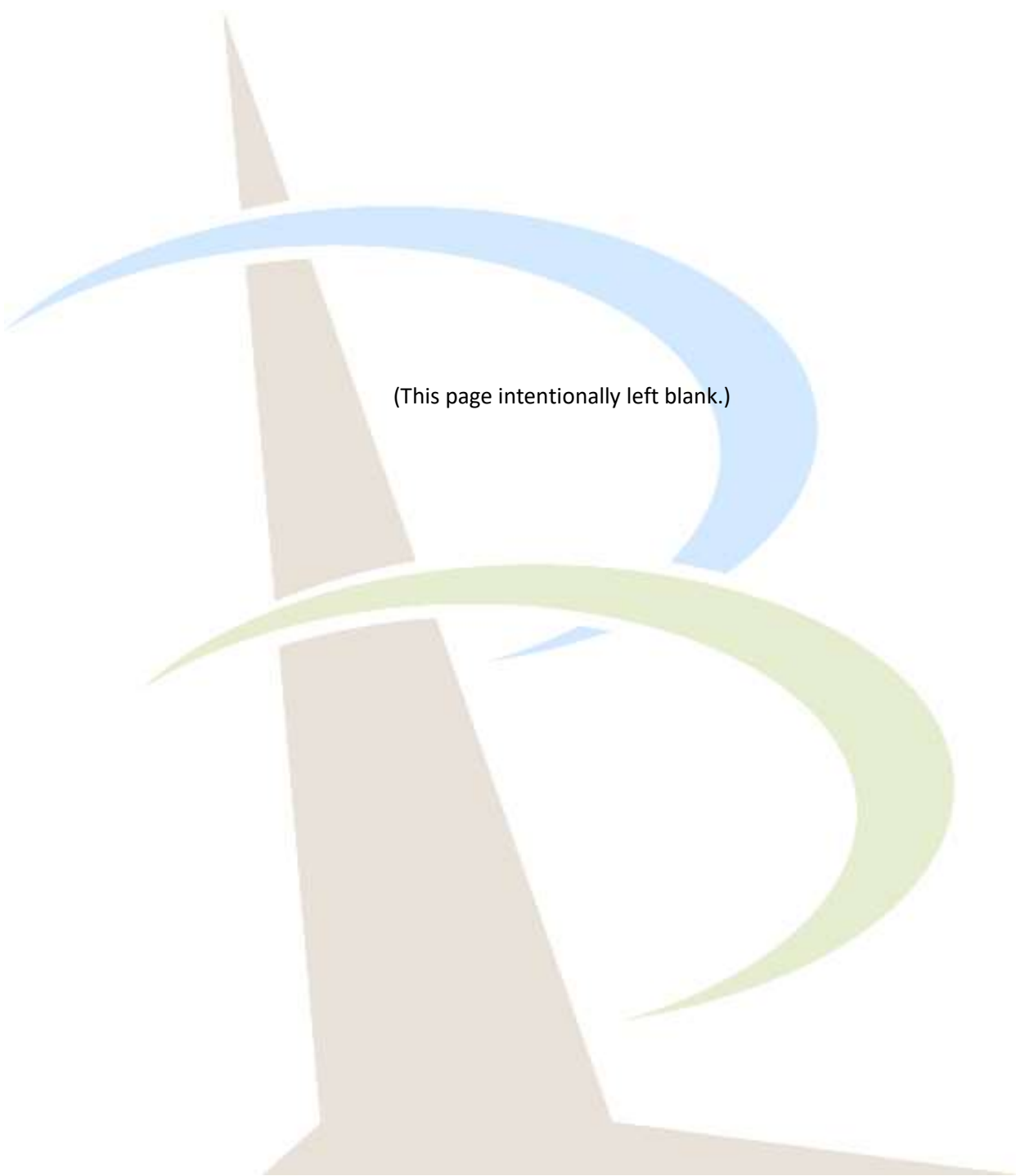
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Financial Section

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Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Brooks Development Authority
San Antonio, Texas

We have audited the accompanying financial statements of Brooks Development Authority (BDA), a component unit of the City of San Antonio, Texas, as of and for the year ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the BDA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of BDA, as of September 30, 2021 and 2020, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

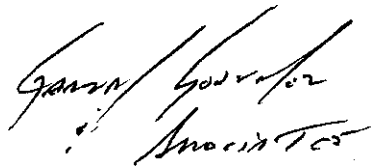
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise BDA's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021 on our consideration of the BDA'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 BDA'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 BDA's internal control over financial reporting and compliance.



Gordon Gouvalier
March 15, 2022

December 20, 2021

Brooks Development Authority

San Antonio, Texas

Management's Discussion and Analysis – Unaudited

Years Ended September 30, 2021 and 2020

As management of Brooks Development Authority ("BDA"), we offer the following Management's Discussion and Analysis ("MD&A"). The MD&A serves as an introduction to the financial statements for the fiscal year ended September 30, 2021, and 2020 and provides a narrative overview and analysis of financial activities and performance. We encourage readers to read it in conjunction with BDA's financial statements including the notes to the financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflow of resources of BDA exceeded its liabilities at the close of fiscal year 2021 by \$45,721,933. Of this amount, \$14,029,604 is considered unrestricted and may be used to meet ongoing financial obligations. The balance of net position, \$31,692,329, is the net amount invested in capital assets.
- BDA's net position increased \$7,972,969 from \$37,748,963 to \$45,721,933 resulting from a combination of net operating loss of \$1,896,841, capital contributions of \$1,902,702, and net non-operating revenue (expenses) of \$7,967,108. In 2020, net position increased \$410,824 from \$37,338,139 to \$37,748,963 resulting from a combination of net operating loss of \$5,993,968, capital contributions of \$6,547,436, and net non-operating revenue (expenses) of (\$142,643).
- The primary sources of BDA's operating revenue of \$20,964,641 stems from its commercial leases, enterprise revenue and other miscellaneous revenue. This year, commercial leases totaled \$7,522,476, or 35.9% of total operating revenue. Enterprise revenue this year totaled \$11,933,567, or 56.9% of total operating revenue. BDA also realized \$1,508,598 (7.2%) from Common Area Maintenance ("CAM") fees, utility reimbursements, development fees, and other miscellaneous income. Enterprise revenue is from its three enterprises including the Aviator Apartments, the Embassy Suites Hotel, and Heritage Oaks which is comprised of 163 single-family homes and duplexes.

Basic Financial Statements

The basic financial statements are comprised of the statement of financial position, statements of revenues, expenses, and changes in net position, and the statements of cash flows. The basic financial statements report information using accounting methods similar to those used by private sector companies. These financial statements are prepared under the accrual basis of accounting in which revenues, and assets are recognized when earned or acquired, and expenses and liabilities are recognized when incurred, regardless of when cash is received or paid. These financial statements also offer short-term and long-term financial information about its activities.

The statements of net position include all of BDA's assets, deferred outflow of resources, and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of BDA and assessing liquidity and its financial flexibility.

Brooks Development Authority

San Antonio, Texas

Management's Discussion and Analysis – Unaudited

Years Ended September 30, 2021 and 2020

The statement of revenues, expenses, and changes in net position present operating revenues and expenses and non-operating revenues and expenses. Operating revenues and expenses consist of revenues earned and expenses incurred related to the operation and maintenance of the Brooks property. Non-operating revenues and expenses consist of investment income, capital assets sales, and dispositions related to permanent impairments or transfers to the City of San Antonio, and a grant from Bexar County for reimbursement of capital expenditures, as well as interest expense.

The statements of cash flows report cash inflows and outflows and net changes in cash resulting from operating, capital, and financing activities and provides answers to such questions as where did cash come from, what was the cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the basic financial statements.

Financial Analysis

BDA's total fiscal year 2021 operating revenues increased by \$3,044,644 from fiscal year 2020. Commercial lease revenue increased by 36.36% over last year going from \$5,516,640 in fiscal year 2020 to \$7,522,476 in fiscal year 2021. Enterprise revenue increased by 11.94% over last year going from \$10,660,011 in fiscal 2020 to \$11,933,567 in fiscal year 2021. In 2020, operating revenues decreased by \$3,901,616 from fiscal year 2019. Commercial lease revenue decreased by 14.49% from \$6,451,809 in fiscal year 2019 to \$5,516,640 in fiscal year 2020. Enterprise revenue decreased by 21.91% from \$13,650,096 in fiscal 2019 to \$10,660,010 in fiscal year 2020.

Operating expenses, excluding depreciation, decreased from \$15,918,184, to \$15,020,055, or by 5.64% from fiscal year 2020. In fiscal year 2020, operating expenses, excluding depreciation, decreased from \$20,029,450 to \$15,918,184, or by 20.52% from fiscal year 2019.

Non-operating activities reflect an increase of \$7,967,108 which is caused primarily by a gain on the sale of capital assets of \$15,647,943, interest expense of \$7,398,935, predevelopment/soft costs of \$137,009, interest income totaling \$18,266, and disposal/impairment of capital assets totaling \$163,161. BDA also received capital contributions of \$1,902,702 from the City of San Antonio and Bexar County for construction costs related to various capital projects. In fiscal year 2020, non-operating activities reflect a deficit of \$142,643 which is caused primarily by a gain on the sale of capital assets of \$7,692,498, interest expense of \$7,971,350, predevelopment/soft costs of \$23,770, investment and interest income totaling \$185,122, and disposal/impairment of capital assets totaling \$25,143. BDA also received capital contributions of \$6,547,436 from the City of San Antonio and Bexar County for construction costs related to various capital projects.

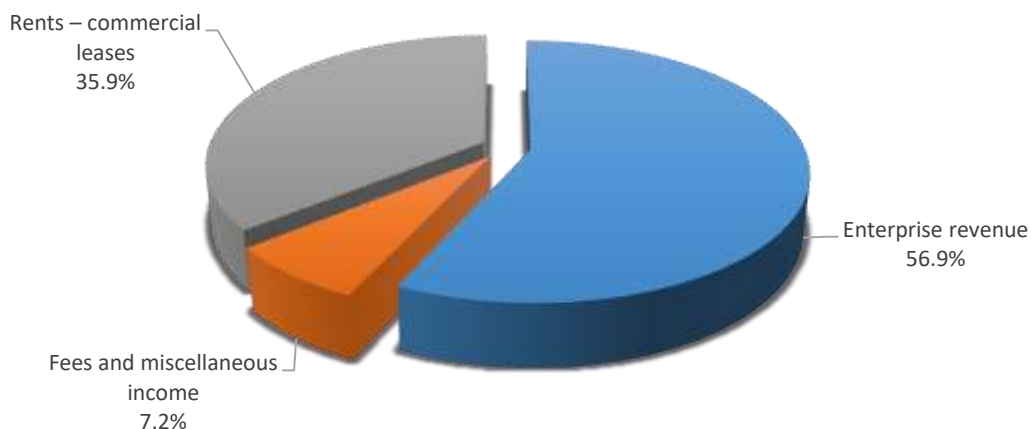
Brooks Development Authority

San Antonio, Texas

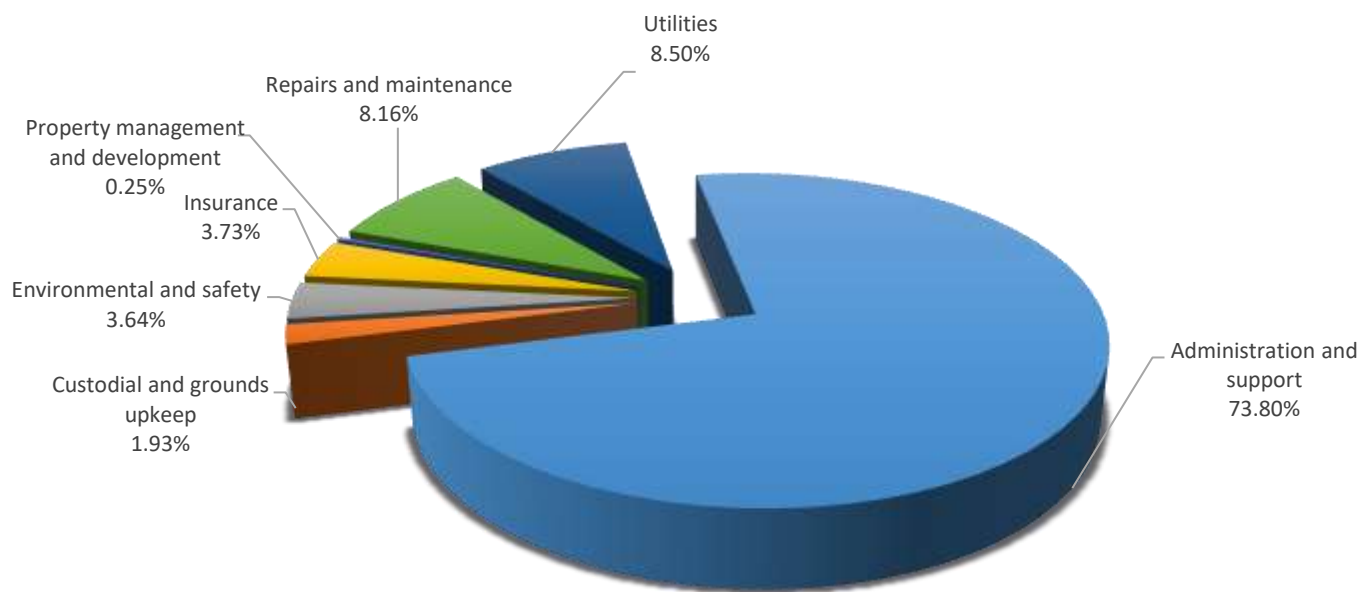
Management's Discussion and Analysis – Unaudited

Years Ended September 30, 2021 and 2020

Fiscal Year 2021 Operating Revenues by Source



Fiscal Year 2021 Operating Expenses by Source (Excluding Depreciation Expense)



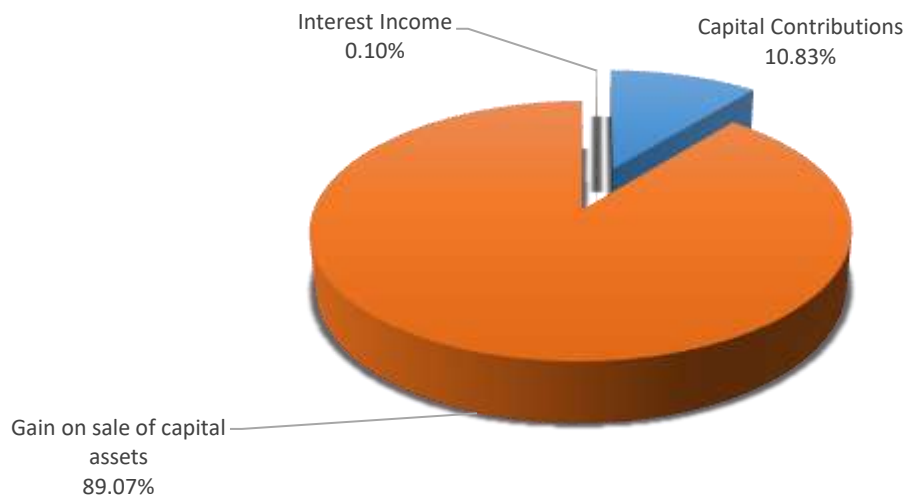
Brooks Development Authority

San Antonio, Texas

Management's Discussion and Analysis – Unaudited

Years Ended September 30, 2021 and 2020

Fiscal Year 2021 Nonoperating Revenues by Source



Brooks Development Authority

San Antonio, Texas

Management's Discussion and Analysis – Unaudited

Years Ended September 30, 2021 and 2020

Table 1
Condensed Balance Sheet Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current assets	\$ 21,293,613	\$ 13,294,570	\$ 10,111,693
Noncurrent assets	7,078,243	5,073,161	7,487,639
Capital assets – net	<u>138,165,158</u>	<u>143,851,844</u>	<u>155,065,146</u>
 Total Assets	 166,537,014	 162,219,575	 172,664,478
 Deferred Outflow of Resources	 <u>886,564</u>	 <u>1,338,883</u>	 <u>1,300,926</u>
 Total assets and deferred outflow of resources	 \$ <u>167,423,578</u>	 \$ <u>163,558,458</u>	 \$ <u>173,965,404</u>
 Current liabilities	 \$ 27,489,522	 \$ 9,186,848	 \$ 17,562,843
Noncurrent liabilities	<u>94,212,123</u>	<u>116,622,647</u>	<u>119,064,422</u>
 Total liabilities	 <u>121,701,645</u>	 <u>125,809,495</u>	 <u>136,627,265</u>
 Net position:			
Net investment in capital assets	31,692,329	31,093,174	35,916,621
Unrestricted	<u>14,029,604</u>	<u>6,655,789</u>	<u>1,421,518</u>
 Total net position	 <u>45,721,933</u>	 <u>37,748,963</u>	 <u>37,338,139</u>
 Total liabilities and net position	 \$ <u>167,423,578</u>	 \$ <u>163,558,458</u>	 \$ <u>173,965,404</u>

BDA's net position increased \$7,972,969 from \$37,748,963 to \$45,721,933 (Table 2) resulting from a combination of net operating loss of \$1,896,841, capital contributions of \$1,902,702, and net non-operating revenue (expenses) of \$7,967,108. In 2020, net position increased \$410,824 from \$37,338,139 to \$37,748,963 (Table 2) resulting from a combination of net operating loss of \$5,993,968, capital contributions of \$6,547,436, and net non-operating revenues (expenses) of (\$142,643).

Brooks Development Authority

San Antonio, Texas

Management's Discussion and Analysis – Unaudited

Years Ended September 30, 2021 and 2020

Table 2
Condensed Revenues, Expenses, and Changes in Net Position Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues			
Rents – commercial leases	\$ 7,522,476	\$ 5,516,640	\$ 6,451,809
Enterprise Revenue	11,933,567	10,660,010	13,650,096
Fees and miscellaneous income	<u>1,508,598</u>	<u>1,743,347</u>	<u>1,719,708</u>
Total operating revenues	<u>20,964,641</u>	<u>17,919,997</u>	<u>21,821,613</u>
 Operating expenses	 15,020,055	 15,918,184	 20,029,450
Depreciation	<u>7,841,427</u>	<u>7,995,781</u>	<u>7,154,495</u>
Total operating expenses	<u>22,861,482</u>	<u>23,913,965</u>	<u>27,183,945</u>
 Operating Loss	 <u>(1,896,841)</u>	 <u>(5,993,968)</u>	 <u>(5,362,332)</u>
Nonoperating Revenues (Expenses)			
Investment and Interest income	18,266	185,122	341,573
Interest Expense	(7,398,935)	(7,971,350)	(9,585,311)
Gain on sale of capital assets	15,647,943	7,692,498	4,344,160
Disposal/Impairment of capital assets	(163,161)	(25,143)	(203,092)
Predevelopment/Soft Costs	(137,009)	(23,770)	(113,730)
Income (loss) before capital contributions	7,967,108	(142,643)	(5,216,400)
 Capital contributions	 <u>1,902,702</u>	 <u>6,547,436</u>	 <u>1,614,096</u>
Change in net position	<u>7,972,969</u>	<u>410,824</u>	<u>(8,964,637)</u>
 Net position at beginning of year	 <u>37,748,963</u>	 <u>37,338,139</u>	 <u>46,302,775</u>
 Net position at end of year	 <u>\$ 45,721,933</u>	 <u>\$ 37,748,963</u>	 <u>\$ 37,338,139</u>

Brooks Development Authority

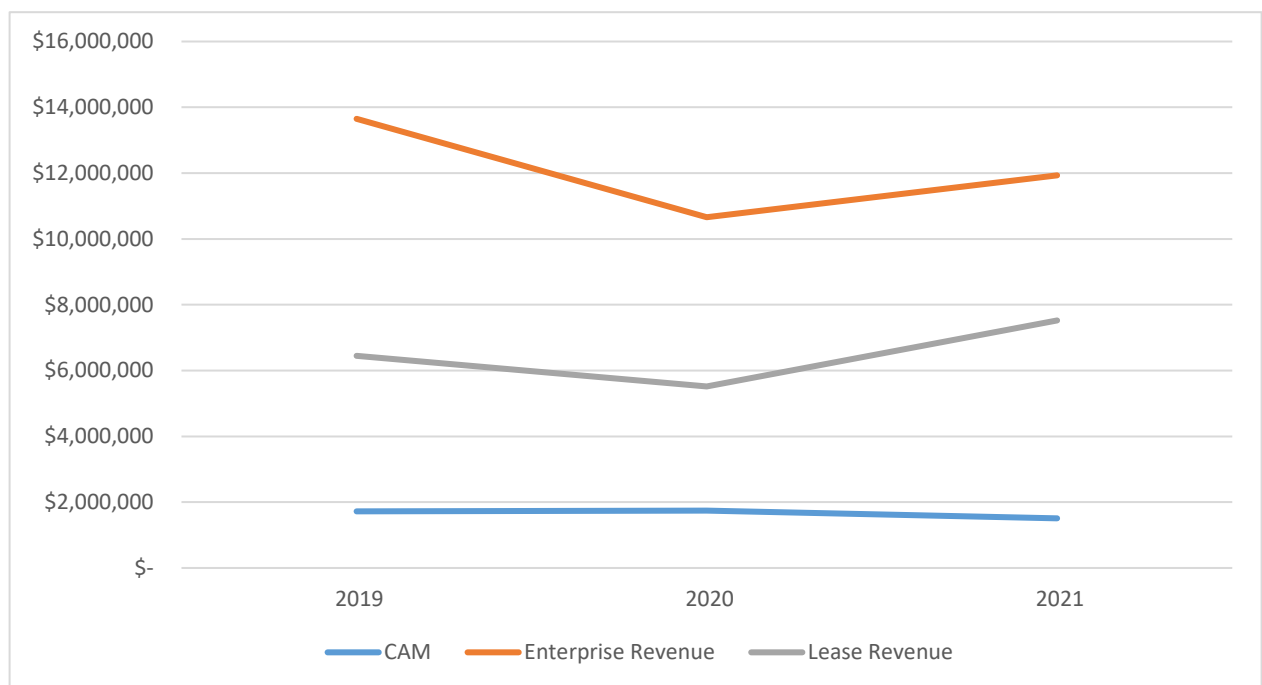
San Antonio, Texas

Management's Discussion and Analysis – Unaudited

Years Ended September 30, 2021 and 2020

Overview of Fiscal Year 2019 – Fiscal Year 2021 Lease Revenue, Enterprise Revenue, & Common Area Maintenance Fee (CAM)

	2019	2020	2021
Lease Revenue	\$6,451,809	\$5,516,640	\$7,522,476
Enterprise Revenue	13,650,096	10,660,010	11,933,567
CAM	1,719,708	1,743,347	1,508,598
Total	\$21,821,613	\$17,919,997	\$20,964,641



Brooks Development Authority

San Antonio, Texas

Management's Discussion and Analysis – Unaudited

Years Ended September 30, 2021 and 2020

Capital Assets

BDA's capital assets totaled \$138,165,158 (net of accumulated depreciation) as of September 30, 2021. Capital assets include land, roads, building, leasehold improvements, infrastructure and improvements, equipment and furniture and fixtures. Significant capital asset events occurring during the current fiscal year included the following:

- On January 15, 2021, BDA executed a sales contract with Terramark Brooks Land I, Ltd., a Texas limited partnership ("Buyer") for approximately 4.981 acres of land located on the northeast quadrant of Sidney Brooks and Kennedy Hill. The contract sales price was \$1,844,373. BDA and Buyer executed a promissory note for \$1,475,498 payable to BDA as partial payment for the land sale. The terms of the note set forth semi-annual payments commencing on April 18, 2021, with principal due and interest at a 6% interest rate. The note matures on April 18, 2022, and any unpaid amounts at maturity will be subject to a 12% interest rate. The promissory note is secured by the Deed of Trust Lien on the 4.981 acres of land.
- On June 1, 2021, BDA ("Landlord") entered into a Lease Agreement with BOZ Investment II (Preston Hollow Capital) ("Tenant") for a build-to-suit, new development, single-family rental community of up to 500 structures. The development site is approximately 66.436 acres of land located at Sidney Brooks. During the lease term, Tenant, on behalf of Landlord, will develop, at its own cost, all, or a portion of 3 distinct areas (but with respect to Area 2, only after Landlord vacates area on or after May 31, 2023). The total estimated project costs are \$88,315,252, subject to change based on final design and phasing of the community. The three phases of development are planned and estimated to be completed by Summer/Fall 2024. The lease term is 40 years ending on May 31, 2061. The Tenant will assume responsibility of certain property management agreement (the "NRP Agreement") between the Landlord and NRP Management, LLC ("NRP") pursuant to which NRP manages the existing Heritage Oaks project. BDA will be responsible for funding approximately \$25,000,000 in public infrastructure, and any cost savings, up to \$5,000,000, in the project will be applied to reduce BDA's contribution for infrastructure. Base rent commenced on June 1, 2021, for Area 1 and Area 3 at an amount of \$1,163,727 annually (\$96,977/month), to be increased 2% each year. CAM charge for Area 1 and Area 3, will be \$142,636 annually (\$11,886/month), to be increased 2% each year. Area 2 base rent will commence on the first business day, of the first complete month, after the Area 2 Lease Commencement Date and the abandonment of Area 2 by Landlord. Area 2 base rent will be an amount equal to \$165,733 annually (\$13,811/month). CAM charge for Area 2 will be an amount equal to \$16,531 annually (\$1,378/month). Area 2 base rent and CAM will increase by 2% each year.

Appraised Value:

During fiscal year 2019, an appraisal was initiated to provide an update to the book value. The appraisal was limited to certain general areas of the BDA campus. In connection with the bond issuance during fiscal year 2015, the land area used to secure the bonds was defined by Pape-Dawson Engineers, Inc. in a boundary survey, description of the property and identification of metes and bounds. The area defined was approximately 676 acres, which is called the Premises. In addition to the Premises, is the remaining property of BDA. The appraised value of the Premises, plus the net value of the remaining property, totaled approximately \$357,385,000 as of January 2020. An updated appraisal is expected to be conducted during fiscal year 2022.

Brooks Development Authority

San Antonio, Texas

Management's Discussion and Analysis – Unaudited

Years Ended September 30, 2021 and 2020

Additional information on BDA's capital assets can be found in Note 5 to the financial statements.

The property under operating leases and property not under lease as of September 30, 2020 are as follows:

Table 3
Capital Assets

	Under Operating Leases	Not Under Leases	Total
Land	\$ 39,979	\$ 4,219,311	\$ 4,259,289
Construction in progress	-	12,446,591	12,446,591
Roads	2,981,362	14,277,509	17,258,871
Infrastructure and improvements	563,711	643,019	1,206,730
Facilities and other improvements	0	10,599,124	10,599,124
Land Improvements	0	23,569,348	23,569,348
Buildings	75,667,610	54,771,988	130,439,599
Furniture, fixtures, and equipment	8,062,383	1,906,066	9,968,450
Software	-	321,952	321,952
	87,315,045	122,754,909	210,069,954
Less: accumulated depreciation	33,727,198	38,177,597	71,904,795
Net capital assets	\$ 53,587,848	\$ 84,577,312	\$ 138,165,159

Investments

As of September 30, 2021, BDA had \$0 in investments that consisted entirely of money market funds. BDA renewed a six-month CD in 2021 that had a balance of \$4,893,976 as of the end of 2021 (\$1,623,084 in 2020). See Note 2 to the financial statements for classification of investments on the statements of net position (reported as cash and cash equivalents on the statements of net position).

Brooks Development Authority

San Antonio, Texas

Management's Discussion and Analysis – Unaudited

Years Ended September 30, 2021 and 2020

Debt

As of September 30, 2021, BDA had a balance of \$113,551,072 in outstanding debt. This is made up of four loans consisting of a loan of \$6,443,567 from JPMorgan Chase for the DPT Laboratories construction project, two loans with Vantage Bank, formerly Inter National Bank, for \$20,263,829, a loan with Bank of San Antonio for \$1,211,747 and revenue bonds Series 2015 and 2017 totaling \$85,550,000. BDA also had equipment leases with Frost Bank for \$22,478 and Balboa Capital for \$59,451. In fiscal year 2020, BDA had a balance of \$117,068,830 in outstanding debt. This was made up of three loans from the State Energy Conservation Office Stimulus Program totaling \$1,942,943, a loan of \$7,347,776 from JPMorgan Chase for the DPT Laboratories construction project, a loan with Inter National Bank for \$20,485,832, a loan with Lone Star National Bank for \$1,500,000 and revenue bonds Series 2015 and 2017 totaling \$85,650,000. BDA also had equipment leases with Frost Bank for \$55,829 and Balboa Capital for \$86,450.

Risk Factors Influencing Future Operations

BDA's mission is to promote, develop, and sustain a vibrant community and catalyst for progressive economic development and prosperity. To enhance administrative efficiency, BDA has undergone a comprehensive evaluation of its internal strengths and weaknesses and external opportunities and threats. The following are factors influencing the future operations of BDA:

- Tax Incremental Reinvestment Zone ("TIRZ") – Brooks was approved as a TIRZ, which may provide up to approximately \$105,473,105 to aid in the development of economic development and infrastructure projects on the Brooks campus. TIRZ supported debt in the amount of \$18,280,000 has been used to finance construction of South New Braunfels Avenue Road Extension Project and portions of Research Rd., Challenger Rd., and Kennedy Hill. An additional amount of \$6,000,000 was used in financing the remodeling of two existing buildings on campus for OKIN BPS, Inc. to occupy as a tenant. Additional infrastructure projects will be financed from TIRZ revenue collections.
- Leveraging assets – Leveraging assets will continue to play a major role in securing financing for future capital development projects, as well as establishing public/private partnerships for achieving financing goals.
- Risks of Real Estate Investment: Development, ownership and operation of real estate involves certain risks, including the risk of adverse changes in general economic and local conditions, adverse use of adjacent or neighboring real estate, changes in the costs of operation, damage caused by adverse weather and delays in repairing such damage, population decreases, uninsured losses, environmental risks, failure of lessees to pay rent, operating deficits and mortgage foreclosure, adverse changes in neighborhood values, and adverse changes in federal, state, and local laws and regulations.

Brooks Development Authority

San Antonio, Texas

Management's Discussion and Analysis – Unaudited

Years Ended September 30, 2021 and 2020

- **Damage, Destruction or Condemnation:** If any portion of the premises is damaged or destroyed, or is taken in a condemnation proceeding, funds derived from proceeds of insurance or any such condemnation award for the premises must be applied as provided in the bond master indenture to restore or rebuild the Premises or make payments on Bonds. There can be no assurance that the amount of funds available to restore or rebuild the Premises or to make payments on the outstanding Bonds will be sufficient for that purpose, or that any remaining portion of the Premises will generate Gross Revenues sufficient to pay the expenses of the Authority.
- **Substantial Leverage; Financing Capability:** BDA has substantial debt service requirements which are secured by project revenues, operating revenue, and assets pledged to secure the debt. The debt management plan projects that current cash balances and cash from projects and operations, will be sufficient to meet its debt service obligations. The ability of BDA to meet such obligations and requirements will depend in part on BDA's future operating performance, which is subject to financial, economic, competitive, regulatory and other factors, which may be beyond the control of the Issuer.

Request for Information

This financial report is designed to provide a general overview of BDA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Operating Officer, 3201 Sidney Brooks, San Antonio, Texas 78235.

Basic Financial Statements

Brooks Development Authority

San Antonio, Texas

Statement of Net Position

September 30, 2021 and 2020

ASSETS AND DEFERRED OUTFLOW OF RESOURCES		2021	2020
Current Assets			
Cash and cash equivalents – unrestricted	\$	19,161,419	\$ 12,920,416
Accounts receivable – net of allowance for doubtful accounts		524,786	112,375
Due from other Governments		345,808	-
Note receivable		1,067,926	-
Prepaid expenses		154,699	209,920
Inventories		38,975	51,859
Total current assets		21,293,613	13,294,570
Noncurrent Assets			
Restricted cash – cash held with trustee		7,078,243	5,073,161
Capital assets – net		138,165,158	143,851,844
Total non-current assets		145,243,401	148,925,005
Total assets		166,537,014	162,219,575
Deferred Outflow of Resources			
Derivative instrument		886,564	1,338,883
Total assets and deferred outflow of resources	\$	167,423,578	\$ 163,558,458
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$	4,202,392	\$ 4,556,768
Accrued expenses		296,301	329,112
Accrued interest payable		823,538	843,630
Current portion of long-term liabilities		20,937,458	2,597,400
Unearned Revenues		1,058,900	622,758
Tenant security deposits		170,933	237,180
Total current liabilities		27,489,522	9,186,848
Long-Term Liabilities			
Unearned revenues		647,500	750,000
Derivative instrument liability		886,564	1,338,883
Long-term debt and other liabilities		92,678,059	114,533,764
Total long-term liabilities		94,212,123	116,622,647
Total liabilities		121,701,645	125,809,495
Net Position			
Net investment in capital assets		31,692,329	31,093,174
Unrestricted		14,029,604	6,655,789
Total net position		45,721,933	37,748,963
Total liabilities and net position	\$	167,423,578	\$ 163,558,458

The accompanying notes form an integral part of these statements.

Brooks Development Authority

San Antonio, Texas

Statement of Cash Flows

Years Ended September 30, 2021 and 2020

	2021	2020
Operating Revenues		
Rents – commercial leases	\$ 7,522,476	\$ 5,516,640
Enterprise revenue	11,933,567	10,660,011
Fees and miscellaneous income	1,508,598	1,743,346
Total operating revenues	20,964,641	17,919,997
Operating Expenses		
Administration and support	11,084,344	11,806,606
Custodial and grounds upkeep	289,949	234,326
Environmental and safety	546,074	542,198
Repairs and maintenance	1,225,488	1,352,079
Utilities	1,276,448	1,493,857
Insurance	560,548	408,248
Property management and development	37,204	80,870
Depreciation	7,841,427	7,995,781
Total operating expenses	22,861,482	23,913,965
Operating loss	(1,896,841)	(5,993,968)
Nonoperating Revenues (Expenses)		
Investment income	-	58,771
Interest income	18,266	126,351
Interest expense	(7,398,935)	(7,971,350)
Gain on sale of capital assets	15,647,947	7,692,498
Loss disposal of capital assets	(163,161)	(25,143)
Predevelopment/ Soft Costs	(137,009)	(23,770)
Total nonoperating revenues (expenses) – net	7,967,108	(142,643)
Income (loss) before capital contributions	6,070,267	(6,136,612)
Capital contributions	1,902,702	6,547,436
Change in net position	7,972,969	410,824
Net position at beginning of year	37,748,963	37,338,139
Net position at end of year	\$ 45,721,933	\$ 37,748,963

The accompanying notes form an integral part of these statement

Brooks Development Authority

San Antonio, Texas

Statement of Cash Flows

Years Ended September 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Receipts from tenants and others	\$ 19,260,269	\$ 18,043,445
Payments to employees	(6,053,492)	(7,400,182)
Payments to suppliers for goods and services	(9,247,780)	(9,337,715)
Net cash provided in operating activities	3,958,997	1,305,548
Cash Flows From Noncapital Financing Activities		
Disposition of Heritage Oaks Operations	(40,853)	-
Net cash provided by noncapital financing activities	(40,853)	-
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of assets	(3,300,642)	(4,031,689)
Proceeds from Sale of capital assets	17,088,315	10,835,739
DPT land purchase option fee	20,000	20,000
Loan Proceeds	1,786,931	-
Predevelopment Costs	(137,009)	(23,770)
Payments on loans	(5,304,688)	(6,088,496)
Interest payments	(7,400,126)	(7,890,259)
Contributions from government entities	1,556,894	6,547,436
Net cash used by capital and related financing activities	4,304,675	(631,039)
Cash Flows From Investing Activities		
Investment income	-	58,771
Interest income	18,266	126,352
Net cash provided by investing activities	18,266	185,123
Net increase in cash and cash equivalents	8,246,085	859,632
Cash and cash equivalents at beginning of year	17,993,577	17,133,945
Cash and cash equivalents at end of year	\$ 26,239,662	\$ 17,993,577
Reconciliation of Operating Loss to Net Cash Used In Operating Activities		
Operating loss	\$ (1,896,841)	\$ (5,993,968)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	7,841,427	7,995,781
Changes in operating assets and liabilities:		
Accounts receivable	(880,911)	363,046
Notes receivables	(1,067,926)	-
Other Receivables	(7,930)	-
Prepaid expenses	55,220	(95,665)
Inventories	12,884	1,907
Accounts payable	(331,510)	(775,163)
Accrued expenses	(32,811)	49,211
Unearned revenues	333,642	(294,065)
Tenant Deposits	(66,247)	54,467
Net cash used in operating activities	\$ 3,958,997	\$ 1,305,548
Non-cash Transactions:		
American South Industrial Building	-	3,493,981
INB Closing Costs	-	15,143

The accompanying notes form an integral part of these statements.

Brooks Development Authority

San Antonio, Texas

Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies

A. Reporting Entity

The Brooks Development Authority ("BDA") is a Defense Base Development Authority, which is a special purpose political subdivision under Section 379B of the Local Government Code of Texas. BDA was created by a Resolution of the City Council of the City of San Antonio, approved on September 27, 2001. This resolution became effective on the tenth day after its passage, October 7, 2001.

Under the provisions of Section 379B of the Local Government Code of Texas, the City of San Antonio was empowered to create a Defense Base Development Authority to accept title to Brooks Air Force Base ("Brooks AFB") and engage in economic development of Brooks AFB, a military installation located within the City of San Antonio. Brooks AFB was sold and transferred to the community by the Secretary of the Air Force, pursuant to authority conferred by the Military Construction Act, Public Law No. 106-246, and is now known as Brooks.

BDA's governing board consists of 11 members appointed by the City Council of the City of San Antonio. BDA is considered a discretely presented component unit of the City of San Antonio for purposes of financial reporting, in accordance with the provisions of Governmental Accounting Standards Board ("GASB") Codification *Defining Financial Reporting Entity*.

Component Units Included

The financial statements of BDA include three blended component units, Brooks Gives Back, Inc. (the "Foundation"), Aviator Apartment, LLLP (the "Aviator") and the Brooks Property Owners Association (the "POA").

The Foundation is a nonprofit organization whose purpose is to benefit BDA exclusively. The Foundation meets the criteria of GASB Codification *Defining Financial Reporting Entity*; therefore, the financial statements of the Foundation are blended with those of BDA. As of September 30, 2021, the Foundation's net position had a balance of \$278,577 (\$165,669 in 2020).

The following are condensed financial statements of the Foundation:

Condensed Statement of Net Position

	September 30,	
	2021	2020
Total assets	\$ 278,577	\$ 165,669
Total liabilities	\$ -	\$ -
Total net position	278,577	165,669
Total liabilities and net position	\$ 278,577	\$ 165,669

Brooks Development Authority

San Antonio, Texas

Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	September 30,	
	2021	2020
Operating revenues	\$ 173,493	\$ 48,687
Operating expenses	60,802	82,923
Operating income (loss)	112,691	(34,236)
Non-operating revenues (expenses) – net	217	24,410
Change in net position	112,908	(9,826)
Net position (deficit) at beginning of year	165,669	175,495
Net position at end of year	\$ 278,577	\$ 165,669

Condensed Statement of Cash Flows

	September 30,	
	2021	2020
Cash Flows from Operating Activities	\$ 126,713	\$ (34,236)
Cash Flows from Capital and Related Financing Activities	-	-
Cash Flows from Investing Activities	217	1,543
Net increase (decrease) in cash and cash equivalents	126,930	(32,693)
Cash and cash equivalents at beginning of year	142,802	175,495
Cash and cash equivalents at end of year	\$ 269,732	\$ 142,802

The Aviator, formed on November 25, 2014, is a Limited Liability Limited Partnership whose sole purpose is to operate as an investment partnership under the EB-5 Immigrant Investor Program and therefore benefit BDA exclusively. The Aviator meets the criteria of GASB Codification *Defining Financial Reporting Entity*; therefore, the financial statements of the Aviator are blended with those of BDA. BDA has the ability to impose its' will on the Aviator and meets the financial benefit/burden criteria. The Aviator's financial statements can be requested from BDA's Accounting & Finance department. As of September 30, 2021, the Aviator's net position had a balance of \$0 (\$0 in 2020).

Brooks Development Authority

San Antonio, Texas

Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

The following are condensed financial statement of the Aviator:

Condensed Statement of Net Position

	September 30,	
	2021	2020
Total assets	\$ -	\$ -
Total liabilities	\$ -	\$ -
Total net position	-	-
Total liabilities and net position	\$ -	\$ -

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Years Ended September 30,	
	2021	2020
Operating revenues	\$ -	\$ 25,000
Operating expenses	-	61,000
Operating income (loss)	-	(36,000)
Non-operating revenues (expenses) – net	-	-
Change in net position	-	(36,000)
Net position at beginning of year	-	36,000
Net position at end of year	\$ -	\$ -

Brooks Development Authority

San Antonio, Texas

Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

Condensed Statement of Cash Flows

	Years Ended September 30,	
	2021	2020
Cash Flows used in Operating activities	\$ -	\$ (36,000)
Net decrease in cash and cash equivalents	-	(36,000)
Cash and cash equivalents at beginning of year	-	36,000
Cash and cash equivalents at end of year	\$ -	\$ -

The Brooks Property Owner's Association (the POA), formed on November 2, 2017, is a nonprofit organization whose purpose is to manage the planned development and maintain the common areas of the real property of the Brooks campus. The POA meets the criteria of GASB Codification *Defining Financial Reporting Entity*; therefore, the financial statements of the POA are blended with those of BDA. As of September 30, 2021, the POA's net position had a balance of \$3,035,915 (\$2,267,423 in 2020).

The following are condensed financial statements for the POA:

Condensed Statement of Net Position

	Years Ended September 30,	
	2021	2020
Total asset	\$ 3,035,915	\$ 2,267,423
Total liabilities	\$ -	\$ -
Total net position	3,035,915	2,267,423
Total liabilities and net position	\$ 3,035,915	\$ 2,267,423

Brooks Development Authority

San Antonio, Texas

Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Years Ended September 30,	
	2021	2020
Operating revenues	\$ 2,120,402	\$ 2,591,651
Operating expenses	<u>1,352,889</u>	<u>1,405,481</u>
Operating income (loss)	767,513	1,186,170
Non-operating revenues (expenses) – net	<u>979</u>	<u>(13,821)</u>
Change in net position	768,492	1,172,349
Net position (deficit) at beginning of year	<u>2,267,423</u>	<u>1,095,074</u>
Net position at end of year	\$ <u>3,035,915</u>	\$ <u>2,267,423</u>

Condensed Statement of Cash Flows

	Years Ended September 30,	
	2021	2020
Cash Flows from Operating Activities	\$ 822,044	\$ 1,157,752
Cash Flows from Non-Capital and Related Financing Activities	(611,594)	(719,009)
Cash Flows from Capital and Related Financing Activities	-	(13,821)
Cash Flows from Investing Activities	<u>979</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	211,429	424,922
Cash and cash equivalents at beginning of year	<u>754,035</u>	<u>329,112</u>
Cash and cash equivalents at end of year	\$ <u>965,464</u>	\$ <u>754,035</u>

Brooks Development Authority

San Antonio, Texas

Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

B. Basis of Accounting

All BDA's activities are reported in a single proprietary (enterprise) fund and are prepared on the accrual basis of accounting and the economic resource measurement focus in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and qualifying expenditures have been incurred. In preparing the single column Business Type Activity financial statements internal activity representing reciprocal revenues and expenses between the various operating units have been eliminated.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, noninterest-bearing demand deposit accounts and cash in interest-bearing demand accounts with commercial banks and certificates of deposit are considered cash equivalents. Short-term, highly liquid investments that are both readily convertible and invested in money market funds with original maturities of three months or less are "cash equivalents." Certificates of deposit are not subject to classification under GASB 72 and are not subject to fair value measurement.

D. Restricted Cash Held with Trustee

In accordance with the Senior Lien Master Trust Indenture, Deed of trust, and Security Agreement dated July 1, 2015 between BDA and UMB Bank, N.A., a national banking association (the "Trustee"), the Senior Lien Revenue bond proceeds are deposited and administered by the Trustee and are considered restricted cash for the purpose of financing the economic development of Brooks' property and areas around the property.

E. Accounts Receivable

Tenant, other receivables, and the allowance for doubtful accounts are shown separately on the financial statements. The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the receivable to be uncollectable. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

Brooks Development Authority

San Antonio, Texas

Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

F. Capital Assets and Depreciation

Property and equipment consist of the appraised fair market value of Brooks AFB property transferred to BDA by the United States Air Force (the "Air Force") on July 22, 2002. All other capital assets built or purchased by BDA are recorded on the basis of cost.

Depreciation of BDA's property that was transferred by the Air Force began July 22, 2002 and was computed on the remaining estimated useful life of property, as established by independent appraisers. This remaining life ranged from 3 to 45 years. Depreciation on newly purchased assets was based upon the below established depreciation lives as follows:

Buildings	10-30 years
Improvements	10-30 years
Roads	20 years
Furniture, fixtures, and equipment	5-10 years

BDA has a policy to capitalize costs for renewals and betterments in excess of \$10,000.

BDA accounts for public infrastructure construction costs funded by grants and other revenue sources as construction in progress. Infrastructure assets (e.g., roads, sidewalks), which are completed and accepted by the City of San Antonio are recorded as non-operating expenses in the year the infrastructure is accepted and transferred. BDA provides for depreciation on assets using the straight-line method in order to amortize costs of assets over their estimated useful lives. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. For fiscal year 2021 and 2020, BDA capitalized interest of \$15,062 and \$51,294, respectively.

G. Impairment of Long-Lived Assets

BDA reviews the carrying value of assets for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and effects of obsolescence, demand, competition, and other economic factors. In fiscal year 2021 and 2020, BDA recorded no impairment losses on vacated buildings that are no longer suitable to lease to commercial tenants.

Brooks Development Authority

San Antonio, Texas

Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

H. Deferred Outflow of Resources

In addition to assets, the statements of net position will sometime report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow or resources (expense) until then. BDA reports deferred outflows on the derivative instrument described in note 3.

I. Inventories

All inventories are valued at cost using the first-in, first-out method. Inventories are recorded as an expense when consumed rather than when purchased.

J. Personal Time Off, (PTO)

Prior to April 1, 2015, BDA employees accrued vacation of 5-10 days on an annual basis and unused vacation days were payable at termination. Effective April 1, 2015 BDA adopted a new PTO policy which allows employees to earn between 20 to 30 days of PTO depending on their years of employment. PTO hours are front loaded on October 1 and must be used by September 30. Any unused PTO as of (September 30) is forfeited. Employees are allowed to use vested PTO earned as of April 1, 2015. The amount of unused and vested PTO accrued as of September 30, 2021 and 2020 totaled \$64,445 and \$62,335, respectively.

K. Unearned Revenues

BDA receives rental income in advance from customers. The balance in the unearned revenue represents these advances.

L. Risk Management

BDA is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment, and employee health insurance claims. BDA carries commercial insurance for risk of loss that may arise from such losses. This insurance is for property, casualty, general liability, workers' compensation, and employee health. Settled claims resulting from other risks of loss have not exceeded commercial insurance coverage in any of the past three years.

M. In-Kind Revenues/Expenses

In-kind revenues/expenses are comprised of donated services, which are measured and recorded at their fair value.

N. Operating Revenues and Expenses

BDA's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its Brooks property. All other revenues and expenses are reported as non-operating revenues and expenses.

Brooks Development Authority

San Antonio, Texas

Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

O. Capital Contributions

Capital contributions consist of funds received through various grants to assist in the acquisition or construction of capital assets.

P. Comparative Data

Comparative data for the prior year has been presented to provide an understanding of the changes in financial position and operations.

Q. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year presentation.

R. Use of Estimates

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

S. Restricted and Unrestricted Resources

When both restricted and unrestricted net position are available for use, it is BDA's policy to use restricted net position first, and then unrestricted net position as needed.

T. Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to BDA, but which will only be resolved when one or more future events occur or fail to occur. BDA's management and its legal counsel assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against BDA or unasserted claims that may result in such proceedings, BDA's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates it is probable that a material loss has been incurred, and the amount of the liability can be estimated, then the estimated liability would be accrued in BDA's financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Brooks Development Authority

San Antonio, Texas

Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

2. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	September 30,	
	2021	2020
Cash in bank	\$ 14,267,443	\$ 11,297,332
Certificate of deposit	4,893,976	1,623,084
Restricted cash held with trustee	7,078,243	5,073,161
Total cash and cash equivalents	\$ 26,239,662	\$ 17,993,577

Deposits – At September 30, 2021, the carrying amount of BDA's bank deposits totaled \$19,161,419 (\$12,920,416 in 2020), and the bank balance totaled \$19,628,568 (\$13,040,031 in 2020). BDA's cash deposits at September 30, 2021 and 2020 were not entirely covered by the Federal Deposit Insurance Corporation (FDIC) and pledged collateral held by BDA's agent bank in BDA's name. \$1,131,709 was held by an enterprise, however, \$564,367 was not covered by pledged collateral or FDIC as of September 30, 2021.

Investments – State statutes govern BDA's investment policies. State authorized investments include Obligations of the United States Treasury and United States Government agencies, certificates of deposit, commercial paper, and repurchase agreements. BDA complies with applicable provisions of the State of Texas Public Funds Investment Act.

3. Derivative Instrument

Interest Rate Swap

Objective of the Interest Rate – To reduce the risk associated with possible projected interest rate increases, BDA entered into an interest rate swap agreement in connection with an adjustable rate promissory note in the amount of \$14,270,451. This note served as the permanent financing of construction costs associated with build-to-suit buildings for a BDA lessee. This loan is scheduled to mature on April 5, 2027.

Terms – The interest rate swap agreement and the related loan are scheduled to mature on April 5, 2027 and have been extended to match the lease agreement. The interest rate swap's notional amount of \$14,851,837 matches the maximum principal amount of the permanent adjustable rate note that will be used to pay-off the interim construction loan. In 2008, the lease agreement was extended to a 20-year term and, accordingly, the permanent note was extended to a 20-year term, and the principal amount was increased to \$15,000,000.

During 2008, the original adjustable rate promissory note was revised to become a principal plus interest note. The interest rate is a floating rate, which is based on LIBOR plus 1.50%. As of September 30, 2021, LIBOR was 0.075% (0.078% in 2020) plus 1.50%, resulting in an overall rate of 1.575% (1.578% in 2020).

Fair Value – The interest rate swap had a negative fair value of \$886,564 and \$1,338,883 as of September 30, 2021 and 2020, respectively. The fair value was estimated using a proprietary valuation model developed by a counterparty.

Brooks Development Authority

San Antonio, Texas

Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

The interest rate swap has been deemed an effective hedge and, therefore, qualifies for hedge accounting treatment. Since the fair value is negative, the fair value is recorded as a noncurrent liability. Changes in the interest rate swap's fair value are recorded as a deferred outflow and included in deferred outflow of resources.

Credit Risk – BDA was not exposed to credit risk on its outstanding interest rate swap at September 30, 2021 and 2020 because the interest rate swap had a negative fair value. However, should interest rates change and the interest rate swap becomes positive, BDA would be exposed to credit risk in the amount of the interest rate swap's fair value. The interest rate swap's counterparty has guaranteed all payments and is rated AAA by Standard & Poor's. The interest rate swap agreement provides no collateral by the counterparty.

Interest Rate Risk – The interest rate swap decreases BDA's exposure to interest rate risk.

Termination Risk – The interest rate swap was issued pursuant to the International Swap Dealers Association ("ISDA") Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. BDA or the counterparty may terminate the interest rate swap if the other party fails to perform under the terms of the contract. If the interest rate swap is terminated, the related variable rate promissory note would no longer carry a synthetic interest rate.

Also, if at the time of termination, the interest rate swap has a negative fair value, BDA would be liable to the counterparty for a payment equal to the swap's fair value. As of September 30, 2021, and 2020, the interest rate swap had negative fair values of \$886,564 and \$1,338,883 respectively.

Swap Payments and Associated Debt – Adjustable rate promissory note and related interest rate swap payments are effective July 11, 2006. Debt associated with the interest rate swap at September 30, 2021 and 2020 totaled \$6,443,567 and \$7,347,776 respectively.

BDA Collateral – Under the terms of the ISDA Master Agreement, BDA is required to provide credit support (collateral) for the interest rate swap in the form of cash collateral deposited with the counterparty. The completed buildings serve as collateral.

4. Accounts Receivable

The allowance for doubtful accounts was based upon management's evaluation of the accounts receivable collectability. Accounts receivable consist of the following:

	September 30,	
	2021	2020
Accounts receivable – tenants and others	\$ 534,786	\$ 122,375
Less allowance for doubtful accounts	(10,000)	(10,000)
Total accounts receivable – net	\$ 524,786	\$ 112,375

Brooks Development Authority

San Antonio, Texas

Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

5. Capital Assets

Changes in BDA's capital assets for the year ended September 30, 2021 consist of the following:

	October 1, 2020	Additions	Deletions	Transfers	September 30, 2021
Land	\$ 4,372,071	\$ -	\$ (112,781)	\$ -	\$ 4,259,290
Construction in progress	15,668,214	5,025,993	(26,150)	(8,221,466)	12,446,591
Capital assets not subject to depreciation	20,040,285	5,025,993	(138,931)	(8,221,466)	16,705,881
Roads	23,548,580	20,764	-	-	23,569,344
Infrastructure and improvements	17,910,183	-	(651,312)	-	17,258,871
Facilities and other improvements	1,179,938	26,792	-	-	1,206,730
Land improvements	10,599,124	-	-	-	10,599,124
Buildings	126,498,790	11,234	(4,291,891)	8,221,466	130,439,599
Furniture, fixtures, and equipment	10,758,696	2,790	(793,036)	-	9,968,450
Software	321,953	-	-	-	321,953
Total depreciable assets	190,817,264	61,580	(5,736,239)	8,221,466	193,364,070
Total capital assets	210,857,549	5,087,573	(5,875,169)	-	210,069,952
Accumulated depreciation:					
Roads	(8,302,902)	(892,287)	-	-	(9,195,189)
Infrastructure and Improvements	(8,202,715)	(911,043)	291,440	-	(8,822,318)
Facilities and other Improvements	(807,213)	(41,050)	-	-	(848,263)
Land improvements	(824,376)	(706,608)	-	-	(1,530,984)
Buildings	(42,335,655)	(4,472,225)	1,813,324	-	(44,994,556)
Furniture, fixtures, and equipment	(6,210,891)	(687,478)	706,838	-	(6,191,531)
Software	(321,953)	-	-	-	(321,953)
Total accumulated depreciation	(67,005,705)	(7,710,691)	2,811,602	-	(71,904,794)
Net capital assets	\$ 143,851,844	\$ (2,623,118)	\$ (3,063,567)	\$ -	\$ 138,165,158

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As part of BDAs' annual review of vacated buildings, management has determined no buildings were considered permanently impaired and not suitable to lease to commercial tenants.

Changes in BDA's capital assets for the year ended September 30, 2020 consist of the following:

	<u>October 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>September 30, 2020</u>
Land	\$ 4,449,181	\$ -	\$ (77,110)	\$ -	\$ 4,372,071
Construction in progress	20,056,883	1,422,900	(3,525,151)	(2,286,418)	15,668,214
Capital assets not subject to depreciation	24,506,064	1,422,900	(3,602,261)	(2,286,418)	20,040,285
Roads	23,511,575	37,005	-	-	23,548,580
Infrastructure and improvements	16,102,654	1,807,529	-	-	17,910,183
Facilities and other improvements	1,179,938	-	-	-	1,179,938
Land improvements	10,599,124	-	-	-	10,559,124
Buildings	136,045,404	501,026	(12,334,058)	2,286,418	126,498,790
Furniture, fixtures, and equipment	10,455,302	303,398	(4)	-	10,758,696
Software	321,953	-	-	-	321,953
Total depreciable assets	198,215,950	2,648,961	(12,334,062)	2,286,418	190,817,264
Total capital assets	222,722,014	4,071,861	(15,936,323)	-	210,857,549
Accumulated depreciation:					
Roads	(7,413,195)	(889,707)	-	-	(8,302,902)
Infrastructure and Improvements	(7,325,555)	(877,160)	-	-	(8,202,715)
Facilities and other Improvements	(766,163)	(41,050)	-	-	(807,213)
Land improvements	(117,768)	(706,608)	-	-	(824,375)
Buildings	(46,320,279)	(4,662,314)	8,646,938	-	(42,335,655)
Furniture, fixtures, and equipment	(5,391,955)	(818,936)	-	-	(6,210,891)
Software	(321,953)	-	-	-	(321,953)
Total accumulated depreciation	(67,656,868)	(7,995,775)	8,646,938	-	(67,005,705)
Net capital assets	\$ 155,065,146	\$ (3,923,914)	\$ (7,289,385)	\$ -	\$ 143,851,844

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6. Accounts Payable

Accounts Payable consist of the following:

		September 30,	
	2021		2020
Accounts payable trade	\$ 3,574,626	\$	3,243,133
Construction payable	442,898		1,289,911
Retainage payable	184,868		28,724
	<u>4,202,392</u>		<u>4,561,768</u>
Total accounts payable	\$ 4,202,392	\$	4,561,768

7. State Energy Conservation Office ("SECO") Stimulus Program

During fiscal year September 30, 2011, BDA became a participant in two loan programs from the SECO Stimulus Program totaling \$1,657,000 and \$3,780,000. The \$1,657,000 loan is for energy utilization improvements to portions of two existing buildings (Buildings 160 and 170), and the replacement of the heating, ventilation, and air conditioning ("HVAC") systems associated with the buildings. The \$3,780,000 loan is for upgrades to Buildings 150, 532, 570, and 775 for the installation of roof top solar panels and the replacement of the HVAC system. In May 2012, BDA was awarded a third loan from SECO in the amount of \$2,400,000, which was subsequently reduced to \$1,662,230 for energy savings upgrades to Buildings 155, 502, 704, 754, and 940 and to 163 residential housing units. In December 2012, the third loan was increased to \$1,952,932. BDA received the first two loans at 2% interest with a term of ten years and the third note at 3% interest and a term of eight years utilizing the energy savings realized from the upgrades. Projects funded by the loans were completed in prior years. BDA made a payment of \$1,333,798 to pay off the balance of each loan as of September 27, 2021, accordingly, the combined outstanding balance of these three loans totaled \$0 as of September 30, 2021 (\$1,942,943 in 2020). As of September 30, 2021, BDA has accrued \$0 (\$25,836 in 2020) of interest payable.

8. Note Payable – JPMorgan Chase

The purpose of this loan was to provide funding for the construction of a built-to-suit facility for a lessee of BDA. In 2008, the promissory note, dated November 28, 2006, was revised to become a principal plus interest note. The interest portion of the note will vary monthly between the interest rate swap (Note 3) settlement payment and the floating interest portion of the note. This revision will assure that principal plus interest payments on the note plus the interest rate swap settlement payments will total approximately \$115,500. As interest rates fell during 2008, the interest rate swap settlement payments increased significantly and, when combined with fixed monthly note payment of \$115,544, the total payment amounts exceeded the monthly lease payment. The original interest rate swap agreement was designed to hedge against rising interest rates. This revised note will ensure that such funding deficits will not occur going forward by assuring the note payment and the interest rate swap settlement payments will total approximately \$115,500 monthly. As of September 30, 2021, and 2020, BDA owed \$6,443,567 and \$7,347,776, respectively, to JPMorgan Chase. As of September 30, 2021, BDA has accrued \$29,008 (\$27,746 in 2020) of accrued interest payable.

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9. Aviator Apartments (the “Project”)

Inter National Bank Loan: On October 31, 2014 BDA entered into a loan agreement for first lien note with the Inter National Bank, McAllen, Texas, in the amount of \$21,500,000. This note provides a portion of the funds that when combined with a bridge loan in the amount of \$5,000,000, the BDA contribution of land valued at \$4,275,000 and cash in the amount of \$1,000,000 is being used to pay the development, construction, soft costs and transaction costs of the Aviator Apartment Project. For the first three (3) year term of this loan, the interest rate is at 4.35%, with interest only payments beginning on November 30, 2014 through October 31, 2017; thereafter principal and interest payments will be due monthly with the note bearing interest at a fluctuating rate of interest equal to the prime rate, plus 1.10% per annum. The minimum interest rate is 4.35%. Effective with the end of the fixed interest rate at October 31, 2017, the amount of the monthly payments will be calculated on a 25-year amortization schedule with the final balloon payment of principal plus interest due on October 31, 2021. As of September 30, 2021, the balance of the note is \$19,673,502 (\$20,470,689 in 2020). As of September 30, 2021, BDA has accrued \$77,389 (\$72,907 in 2020) of accrued interest payable.

Supplemental Funding - Equity: As part of the construction of the Project, BDA entered into a development agreement with a developer. Effective September 24, 2015 Amendment Number 2 to the development agreement was signed. The amendment calls for a \$1,000,000 cash advance to be used for construction costs of the Project. According to the amendment, the cash advance will be part of BDA’s equity contribution into the Project. The amendment also adds a new term – Preferred Return on BDA Cash Advance defined to mean: an annual rate of return on the Cash Advance at a rate of 11% per annum, simple interest, calculated from the date of the BDA Cash Advance. In accordance with the amendment, BDA expects a return of this supplemental funding in accordance with Section 2.7 Distributions of the development agreement. As September 30, 2015 the \$1,000,000 had been spent as part of the Project construction costs and, accordingly, is recorded as a component of capital assets in the statement of net position.

Supplemental Funding – Vantage Loan: On September 03, 2020, BDA executed a loan agreement with Vantage Bank, formerly Inter National Bank, for a \$600,000 line of credit to repair 21 down units at the Aviator Apartments. The term is 5 years with an interest only period for 12 months with an interest rate of 4.75%. As of September 30, 2021, the balance of the line of credit was \$590,327 (\$15,143 in 2020).

10. Embassy Suites Hotel

Supplemental Funding: The BDA provided cash to pay for predevelopment costs totaling \$1,612,542 plus an additional cash contribution of \$2,666,406 at closing on June 26, 2015 for a total cash investment of \$4,278,948.

Special Facilities Bonds: On June 13, 2017, BDA closed on the issuance of \$32,650,000 in Special Facilities Hotel Revenue Refunding Bonds. The funds were used to pay off two previously outstanding notes related to the construction of the Embassy Suites with IBC Bank and Brevet Capital. The bonds were sold as a term bond with an interest rate of 6.50% and a maturity date of August 15, 2052. Interest on the bonds is payable on February 15 and August 15 of each year through the maturity date. The bonds are subject to a mandatory sinking fund redemption prior to maturity with principal amounts scheduled to be redeemed beginning August 15, 2022 continuing every August through the maturity date. The bonds are pledged by the gross revenues and assets of the Embassy Suites. As of September 30, 2021, \$265,281 (\$265,281 in 2020) in interest has been accrued as bond interest payable.

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11. Buildings 167 and 176

Lone Star National Bank Loan: On April 30, 2019, BDA entered into an agreement with Lone Star National Bank to remodel two existing buildings for a new tenant. The tenant, Okin BPS, Inc. signed a 10-year lease to begin once the building renovations were completed. The loan in the amount of \$6,000,000 was to provide bridge funding to complete the renovations until funds from the TIRZ were received to pay down this bridge loan to \$1,500,000 that was expected to be termed out over the life of the lease. The funding from the TIRZ was received in October 2019 which was used to pay down the loan to \$1,500,000 as of September 30, 2021. BDA made a payment of \$1,373,321 to pay off the balance of the loan as of September 27, 2021, accordingly, the outstanding balance of the loan totaled \$0 as of September 30, 2021 (\$1,500,000 in 2020). As of September 30, \$0 has been accrued as interest payable in fiscal year 2021 and 2020.

12. Bank of San Antonio

On January 29, 2021, BDA entered into an agreement by and between Texas Partners Bank (DBA The Bank of San Antonio) for a construction loan to build a full-service restaurant. The construction loan in the amount of \$2,033,628 is to provide funding for construction of the estimated 4,500 square foot restaurant on 2.33 acres of land at BDA located near Kennedy Hill and SE Military Drive in San Antonio. The estimated period for completion is contracted at 18 months. Upon completion, BDA will lease the newly-constructed restaurant to a business entity which will assume the role as operator. The loan term is for 60 months, at an annual interest rate of 4.25%. As of September 30, 2021, the outstanding loan balance was \$1,211,747 (\$0 in 2020).

13. Brooks Development Authority Revenue Bonds

Series 2015 A-1 Bonds (Preston Hollow Capital, sole bondholder): On August 3, 2015, BDA closed on the issuance of \$36,100,000 Brooks Development Authority Senior Lien Revenue Bonds, Series 2015A-1 (the "Series 2015A-1 Bonds"). The funds will be used to provide funds to (i) finance the costs of (1) street improvements, (2) linear park improvements to approximately 42 acres of land located in flood prone areas, (3) drainage and detention pond improvements, (4) restoration of Hangar 9, which is listed in the National Register of Historic Places, (5) public building improvements, (6) landfill mitigation, (7) infrastructure to support a town center, and (8) engineering and design work for major road improvements; (ii) fund capitalized interest; (iii) fund a deposit into the debt service reserve fund; and (iv) pay the costs of issuance of the Series 2015A-1. The bonds are sold as a term bond with an interest rate of 6.50% and maturity date of August 15, 2050. Interest on the bonds is payable on February 15 and August 15 of each year through and including August 15, 2050 with the first interest payment being February 15, 2016. The bonds are subject to a mandatory sinking fund redemption prior to maturity with principal amounts scheduled to be redeemed on August 15, 2021 through and including August 15, 2050. Additionally, the bonds are pledged by gross revenues derived from the operations of BDA. As of September 30, 2021, \$2,345,688 of interest (\$2,346,500 in 2020) has been paid and \$293,313 had been accrued (\$293,313 in 2020) as bond interest payable.

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Series 2015 B-1 Bonds (Preston Hollow Capital, sole bondholder): On August 3, 2015, BDA closed on the issuance of \$7,200,000 Brooks Development Authority Senior Lien Revenue Bonds, Series 2015B-1 (the "Series 2015B-1 Bonds"). The funds will be used to provide funds to (i) finance the costs of (1) street improvements, (2) linear park improvements to approximately 42 acres of land located in flood prone areas, (3) drainage and detention pond improvements, (4) restoration of Hangar 9, which is listed in the National Register of Historic Places, (5) public building improvements, (6) landfill mitigation, (7) infrastructure to support a town center, and (8) engineering and design work for major road improvements; (ii) fund capitalized interest; (iii) fund a deposit into the debt service reserve fund; and (iv) pay the costs of issuance of the Series 2015B-1. The bonds are sold as a term bond with an interest rate of 7.00% and maturity date of August 15, 2050. Interest on the bonds is payable on February 15 and August 15 of each year through and including August 15, 2050 with the first interest payment being February 15, 2016. The bonds are subject to a mandatory sinking fund redemption prior to maturity with principal amounts scheduled to be redeemed on August 15, 2029 through and including August 15, 2050. Additionally, the bonds are pledged by gross revenues derived from the operations of BDA. As of September 30, 2021, \$504,000 of interest (\$504,000 in 2020) has been paid and \$63,000 has been accrued (\$63,000 in 2020) as bond interest payable.

Series 2015 B-2 Bonds (Preston Hollow Capital, sole bondholder): On August 3, 2015, BDA closed on the issuance of \$11,600,000 Brooks Development Authority Senior Lien Revenue Bonds, Taxable Series 2015B-2 (the "Series 2015B-2 Bonds"). The funds will be used to provide funds to (i) finance the costs of construction of public improvements to the Landings II Apartments, the Aviator Apartments and the Embassy Suites Hotel; (ii) fund capitalized interest; (iii) fund a deposit into the debt service reserve fund; and (iv) pay costs of issuance of the Series 2015B-2. The bonds are sold as a term bond with an interest rate of 8.750% and maturity date of August 15, 2050. Interest on the bonds is payable on February 15 and August 15 of each year through and including August 15, 2050 with the first interest payment being February 15, 2016. The bonds are subject to a mandatory sinking fund redemption prior to maturity with principal amounts scheduled to be redeemed on August 15, 2033 through and including August 15, 2050. Additionally, the bonds are pledged by gross revenues derived from the operations of BDA.

In March 2018, BDA entered into a Tender and Redemption agreement whereby it redeemed a portion (\$5,650,000) of the amount outstanding for the Series 2015 B-2 Bonds. As of September 30, 2021, \$5,950,000 remains outstanding. As of September 30, 2021, \$520,625 of interest (\$520,625 in 2020) has been paid and \$65,078 has been accrued (\$65,078 in 2020) as bond interest payable.

Series 2017 A-1 Bonds (Preston Hollow Capital, sole bondholder): On June 22, 2017, Brooks Development Authority closed on the issuance of \$3,750,000 Brooks Development Authority Senior Lien Revenue Refunding Bonds, Taxable Series 2017 A-1. The Funds will be used to refinance a senior loan with IBC and an interim loan with Preston Hollow related to the construction of the Embassy Suites Hotel. The bonds were sold as a term bond with an interest rate of 6.5% and a maturity date of August 15, 2052. Interest on the bonds is payable on February 15 and August 15 each year beginning February 15, 2018 through the maturity date. As of September 30, 2021, \$243,750 of interest has been paid (\$243,750 in 2020) and BDA has accrued \$30,469 (\$30,469 in 2020) in bond interest payable.

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14. Preston Hollow Subordinate Loan

Per the Senior Lien Master Trust Indenture, Deed of Trust, and Security Agreement dated July 1, 2015 between BDA and UMB Bank, N.A., BDA must maintain a liquidity requirement of \$6,500,000. BDA was in jeopardy of dropping below this liquidity requirement due to a delay in deal closings as a result of the COVID-19 pandemic. In order to ensure that BDA did not drop below this liquidity requirement a subordinate loan with Preston Hollow Capital, LLC was entered into on July 1, 2020. The loan is a draw down loan with a not to exceed amount of \$5,000,000. The interest rate on the loan is 5% of any outstanding principal balance. Interest payments are due every February 15 and August 15 with outstanding principal due on the maturity date of the loan, June 30, 2025. Any undrawn principal will apply towards the liquidity requirement for BDA. As of September 30, 2021 and 2020, BDA has not drawn upon the loan, however, BDA is using available credit to meet the liquidity requirement.

15. Long-Term Debt and Other Liabilities

Long-term debt and other liabilities activity for the year ended September 30, 2021 is as follows:

	Balance October 1, 2020	Additions	Reductions	Balance September 30, 2021	Due in One Year
Notes payable:					
JPMorgan Chase	\$ 7,347,776	\$ -	\$ 904,209	\$ 6,443,567	\$ 969,534
SECO I and II	1,442,665	-	1,442,665	-	-
SECO III	500,278	-	500,278	-	-
INB Aviator	20,470,689	-	797,186	19,673,502	19,673,502
Vantage/INB Aviator Renovations	15,143	575,184	-	590,327	13,588
Lone Star	1,500,000	-	1,500,000	-	-
Bank of San Antonio	-	1,211,747	-	1,211,747	16,770
Revenue Bonds					
Series 2015 A-1	36,100,000	-	100,000	36,000,000	185,000
Series 2015 B-1	7,200,000	-	-	7,200,000	-
Series 2015 B-2	5,950,000	-	-	5,950,000	-
Series 2017 Special	32,650,000	-	-	32,650,000	10,000
Series 2017 A-1	3,750,000	-	-	3,750,000	15,000
Total notes payable	116,926,551	1,786,931	5,244,339	113,469,143	20,883,394
Other long-term liabilities:					
Frost Bank Equipment Lease	38,835	-	16,357	22,478	22,478
Frost Bank Landscape Equipment Lease	16,994	-	16,994	-	-
Balboa Capital Equipment Lease	86,450	-	26,998	59,451	31,586
PTO	62,335	2,110	-	64,445	-
	204,613	2,110	60,349	146,374	54,064
Total long-term liabilities	\$ 117,131,164	\$ 1,789,041	\$ 5,304,688	\$ 113,615,517	\$ 20,937,458

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Long-term debt and other liabilities activity for the year ended September 30, 2020 is as follows:

	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Due in One Year
Notes payable:					
JPMorgan Chase	\$ 8,189,618	\$ -	\$ 841,843	\$ 7,347,776	\$ 904,209
SECO I and II	1,712,376	-	269,712	1,442,665	576,857
SECO III	616,459	-	116,181	500,278	249,802
INB Aviator	20,855,912	-	385,224	20,470,689	550,687
Vantage/INB Aviator Renovations	-	15,143	-	15,143	-
Lone Star	5,907,500	-	4,407,500	1,500,000	154,278
Revenue Bonds					
Series 2015 A-1	36,100,000	-	-	36,100,000	100,000
Series 2015 B-1	7,200,000	-	-	7,200,000	-
Series 2015 B-2	5,950,000	-	-	5,950,000	-
Series 2017 Special	32,650,000	-	-	32,650,000	-
Series 2017 A-1	3,750,000	-	-	3,750,000	-
Total notes payable	122,931,865	15,143	6,020,459	116,926,551	2,535,834
Other long-term liabilities:					
Frost Bank Equipment Lease	64,577	-	25,741	38,835	16,743
Frost Bank Landscape Equipment Lease	34,851	-	17,857	16,994	16,994
Balboa Capital Equipment Lease	110,889	-	24,439	86,450	27,829
PTO	62,671	-	336	62,335	-
American South Investment	3,493,981	-	3,493,981	-	-
	3,766,969	-	3,562,354	204,613	61,566
Total long-term liabilities	\$ 126,698,834	\$ 15,143	\$ 9,582,814	\$ 117,131,164	\$ 2,597,400

The principal and interest payments on the notes payable and revenue bonds payable for the next five years and in five-year increments thereafter are summarized below:

Years Ending September 30,	Principal	Interest	Total
2022	\$ 20,937,458	\$ 6,418,496	\$ 27,355,954
2023	1,479,837	6,141,941	7,621,778
2024	1,576,459	6,041,140	7,617,599
2025	2,254,990	5,932,396	8,187,386
2026	2,613,438	5,766,871	8,380,309
2027-2031	5,148,890	27,660,789	32,809,679
2032-2036	9,485,000	25,600,725	35,085,725
2037-2041	15,705,000	21,446,050	37,151,050
2042-2046	22,285,000	15,401,050	37,686,050
2047-2051	28,735,000	6,546,987	35,281,987
2052-2056	3,330,000	216,450	3,546,450
	\$ 113,551,072	\$ 127,172,895	\$ 240,723,967

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16. Funding Agreements with the City of San Antonio

BDA has entered into funding agreements with the City of San Antonio, Texas, to provide money to reimburse BDA for design, engineering, planning, environmental studies and right of ways costs for three City developed and managed road improvement projects.

\$1,980,000	South New Braunfels, Lyster to Loop 410: On June 29, 2017 BDA and the City of San Antonio entered into a funding agreement to provide partial funding for the design related to extension of New Braunfels from Lyster south to Loop 410. The funds for construction are expected to come from the FY 2019 – 2022 Transportation Improvement Program with the State of Texas. As of September 30, 2020, BDA has incurred and submitted \$253,478 against this funding agreement and has been reimbursed for the full amount.
\$438,605	Inner Circle Road: On November 15, 2018 BDA and the City of San Antonio entered into a funding agreement to provide reimbursement for the design and additional costs related to improvement of Inner Circle road (Louis Bauer to Research Plaza). The funds for the reimbursement are expected to come from the FY 2017 – 2022 Bond Projects. As of September 30, 2021, BDA has incurred and submitted \$319,053 against this funding agreement; \$212,177 is due from the City.
\$1,134,718	South New Braunfels Avenue: On November 15, 2018 BDA and the City of San Antonio entered into a funding agreement to provide reimbursement for the design and additional costs related to extend South New Braunfels to Lyster to Aviation Landing. The funds for the reimbursement are expected to come from the FY 2017 – 2022 Bond Projects. As of September 30, 2021, BDA has incurred and submitted \$1,071,865 against this funding agreement, \$5,800 is due from the City.
\$1,091,625	Research Plaza: On November 15, 2018 BDA and the City of San Antonio entered into a funding agreement to provide reimbursement for the design and additional costs related to the new roadway alignment of Research Plaza and South Presa. The funds for the reimbursement are expected to come from the FY 2017 – 2022 Bond Projects. As of September 30, 2021, BDA has incurred and submitted \$892,972 against this funding agreement, \$2,121 is due from the City.

17. Funding Agreements with Bexar County

In 2008, BDA entered into an agreement with Bexar County (the “County”) where the County will reimburse BDA for certain capital expenses. The reimbursement will be made from certain ad valorem taxes collected from a defined area exceeding the base year (January 1, 2008) value in the defined area. Based on the agreement, the County will pay BDA the lesser of \$220,000 or the actual amount of ad valorem taxes received by the County for qualifying capital expenses made for a period of 15 years not to exceed \$3,300,000 starting in 2012. BDA has incurred up to \$3,300,000 in what management believes to be qualifying expenses. This amount has not been recognized as revenue in the financial statements since the County is not under any obligation to pay this grant until the related ad valorem taxes have been collected. Revenue will be recognized in future years equal to the amount of qualifying expenses and ad valorem taxes collected not to exceed \$3,300,000. During the years ended September 30, 2021 and 2020, BDA received \$220,000 annually from the County.

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In 2017 BDA entered into a funding agreement with Bexar County to fund the partial costs of construction, improvement and financing of the Brooks Greenline Linear Park (the Greenline Park) in an amount not to exceed \$1,500,000. The project is to connect the Greenline Park to the San Antonio River Mission Reach hike and bike trail. As of September 30, 2021, BDA has incurred and submitted \$1,103,983 against this funding agreement, \$125,710 is receivable as of September 30, 2021 (\$0 in 2020).

18. Due From Other Governments

Amounts due from other governments consist of the following:

		September 30
		2020
City of San Antonio	\$	220,098
Bexar County		<u>125,710</u>
Total amounts due from other governments	\$	<u><u>345,808</u></u>

19. Operating Leases

BDA leases Brooks' property to commercial tenants under cancellable leases ranging from 1 to 50 years. Leased property consists of commercial rental realty and ground leases. For the years ended September 30, 2021 and 2020, BDA received \$7,522,476 and \$5,516,641, respectively, from rents under its operating leases. Commercial lease revenue for 2021 and 2020 comprised 36% and 31% of total revenue, respectively.

The carrying value of BDA property held for the above operating leases is as follows:

		September 30,	
		2021	2020
Buildings and other facilities	\$	79,252,662	\$ 74,558,452
Furniture, fixtures, and equipment		<u>8,062,383</u>	<u>8,444,266</u>
		87,315,045	83,002,718
Less accumulated depreciation		<u>33,727,198</u>	<u>35,929,868</u>
Total	\$	<u><u>53,587,847</u></u>	<u><u>\$ 47,072,850</u></u>

Brooks Development Authority

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Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

At September 30, 2021, future lease revenues from non-cancellable leases for each of the five succeeding fiscal years and five-year increments thereafter are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 7,856,189
2023	6,807,905
2024	8,046,772
2025	7,562,599
2026	5,197,143
2027-2031	22,346,838
2032-2036	24,652,615
2037-2041	15,712,480
2042-2046	14,778,393
2047-2051	8,304,492
	<u>\$ 121,265,426</u>

20. Commitments and Contingencies

A. Funding Agreements

BDA participated in various state, city, and county programs that are governed by various rules and regulations of the agencies. Costs charged to the respective programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent BDA has not complied with the rules and regulations governing the funding agreements, refunds of money received may be required. The amount, if any, of expenditures which may be disallowed by the funding agencies cannot be determined at this time, although BDA's management expects such amounts, if any, to be immaterial to the financial statements.

B. Pending Lawsuits and Claims

From time to time, BDA is a defendant in lawsuits or claims filed against it. It is the opinion of management that the outcome of these lawsuits or claims will not have a material adverse effect on BDA's financial position or operations.

C. Construction Contracts

BDA is committed under various construction contracts or acquisition of capital assets as of September 30, 2021 in the amount of \$671,961 (\$7,472,919 in 2020).

D. Environmental Remediation

BDA is aware of various existing conditions that will require environmental remediation to facilitate development. The Air Force remains responsible for the remediation of any environmental contamination resulting from its past activities, whether it is known to exist or is currently undiscovered. Since the Air Force remains responsible for these matters, it is the opinion of management the effect, if any, would be immaterial to the financial statements.

Brooks Development Authority

San Antonio, Texas

Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

21. Unearned Revenues (Current and Long Term)

Current term unearned revenues

Unearned Current Revenues consist of the following:

	September 30,	
	2021	2020
Unearned tenant rent	\$ 1,058,900	\$ 622,758

Current term unearned revenues include prepaid rent from the enterprise units in the amount of \$22,900 as of September 30, 2021 (\$82,611 in 2020).

Long term unearned revenues

Mission Solar Energy, LLC - In February 2013, BDA received \$5,000,000 from Mission Solar Energy, LLC, formerly known as Nexolon America, LLC, as a one-time prepayment for a lease with option to purchase 85.86 acres of land upon which Mission Solar will construct a photovoltaic solar panel manufacturing facility. Mission Solar will invest more than \$115,000,000 in real and personal property to construct and establish the facility made up of several buildings. Mission Solar will conduct the design, engineering, and construction of the facility and anticipates completing construction of the manufacturing facility in the second quarter of 2014. BDA has designated this project as a redevelopment project under Section 379B.009 of the Texas Local Government Code. The lease agreement with BDA is for a term of ten years. Upon completion of the construction, the facility will become the property of BDA, and BDA will continue to own the land and facility during the term of the lease until title is transferred. Upon substantial completion of the facility, Mission Solar will commence making additional annual rent payments of \$275,000 to BDA, plus an annual consumer price index increase not to exceed 2%, to be paid during the entire term of the lease. BDA agrees to provide Mission Solar the option to request transfer of title to the land and improvements at any time during, or at the end of the ten-year lease term, with the understanding that such real property, once owned by Mission Solar, will then be subject to full taxation.

On September 16, 2016 Mission Solar exercised its' option to take title of the 85.86 acres of land. As of September 30, 2016 BDA, recognized as earned lease revenue \$3,250,000 and reflected non-operating revenue in the Statement of Revenues, Expenses, and Change in Net Position.

On December 8, 2017, Mission Solar Energy, LLC, formerly known as Nexolon America, LLC agreed to reinstate the original lease agreement transferring title back to BDA the 85.86 acres of land upon which the lessee constructed a photovoltaic solar panel manufacturing facility. The lease agreement is reinstated for additional rent for the calendar year 2017 of \$19,189 at the per diem rate of \$799 per day through December 31, 2017. Additional rent for calendar year 2018 will be increased in accordance with the terms of the lease agreement as amended on February 22, 2013 to \$275,000 annually plus an annual consumer price index not to exceed 2% per year. As of September 30, 2021, BDA recognized as total unearned lease revenue for Mission Solar \$750,000 (\$500,000 as current).

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Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

NORAC REAL ESTATE TEXAS, LLC. - On July 1, 2021, BDA received \$1,060,000 from NORAC REAL ESTATE TEXAS, LLC, (Norac) as a one-time prepayment for a lease with option to purchase 25.6 acres of land upon which NORAC will construct a build-to-suit light manufacturing facility. Per the lease agreement, the tenant will provide all the funds to finance construction. NORAC will conduct the design, engineering, and construction of the approximate 150,000 square foot facility, together with certain improvements. BDA has designated this project as a redevelopment project under Section 379B.009 of the Texas Local Government Code. The lease agreement with BDA is for a term of 25 years. Upon completion of construction, the facility will become the property of BDA, and BDA will continue to own the land and facility during the term of the lease until title is transferred. Upon substantial completion of the facility, NORAC will commence making an annual rent payment of \$325,000, with 3% annual increases beginning on the 3rd anniversary of the rent commencement date. The agreement includes a purchase option during and at the end of the lease term with the understanding that such real property, once owned by NORAC, will then be subject to full taxation. The lease term provides for the purchase option to be at the fair market value (FMV) of the property less the actual hard and soft costs financed by Norac with the escalation of those costs based on the lease agreement to be utilized as a credit against the FMV. As of September 30, 2021, BDA recognized as total unearned lease revenue for Norac of \$927,500 (\$530,000 as current).

Unearned Long-Term Revenues consist of the following:

	September 30,	
	2021	2020
Unearned tenant rent	\$ 647,500	\$ 750,000

22. Deferred Compensation Plan

BDA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all regular BDA employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. BDA makes a two-for-one matching contribution in an amount equal to 200% of the employee's deferred salary reduction, up to a maximum of 6% participant contribution. BDA's contributions are fully vested after five years of continuous service. Employees' contributions vest immediately. Employees receive credit for their contribution, as well as BDAs, and benefits are based on the total assets owned in the employee's individual accounts.

All employees may defer amounts up to the maximum allowed by the Internal Revenue Service each year. All assets and liabilities are in a trust for the exclusive benefit of the participants and their beneficiaries.

The plan is not included in BDA's financial statements. BDA and employees' contributions for the fiscal years ended September 30, 2021 and 2020 totaled \$338,920 and \$436,152 respectively.

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Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

23. NRP Management Agreement

On July 19, 2010, BDA signed an agreement with NRP to serve as manager of the 163 single-family homes and duplexes, which comprise the Heritage Oaks, formerly military residential housing. The initial term is through September 30, 2011 with four one-year renewable options. Effective October 1, 2011, the contract was amended to allow BDA, at the end of every month, to sweep all collected funds in excess of \$50,000 into BDA's general operating account. On May 10, 2016 BDA renegotiated its contract with NRP Management for a term commencing June 1, 2016 and terminating May 31, 2019 with two one-year renewal options. BDA has recognized all assets, liabilities, equity and the results of operations. Operating lease revenues of \$1,323,281 and \$2,200,403 were recognized for fiscal years 2021 and 2020, respectively. In addition, fees and miscellaneous income of \$42,399 and \$51,278 were recognized for fiscal years 2021 and 2020, respectively.

As of June 1, 2021, BDA entered into a long-term lease and development agreement for new residential housing units and the expected demolition of the 163 units. As such BDA has no interest in the lease activity of the existing units subsequent to June 1, 2021 or any continuing agreement with NRP.

24. Reclassification

The following reclassification was made to the beginning balances of certain assets to reflect the ending balances of the Industrial One as part of BDA as of October 1, 2020. The reclassification was made to reflect the long-term lease during the fiscal year ended September 30, 2021. There was no net effect to the consolidated beginning net assets of BDA:

BDA Assets and Deferred Outflow of Resources at beginning of year	\$ 160,983,256
Add: Industrial One Building – Intercompany	5,745
BDA Assets and Deferred Outflow of Resources at beginning of year (restated)	<u>\$ 160,989,001</u>
Industrial One Building Ending Balance Net Assets as of September 30, 2020	\$ 5,745
Reclassification of Assets to BDA	<u>(5,745)</u>
Industrial One Building Net Assets at beginning of year	<u><u>\$ -</u></u>

25. Subsequent Events

Amended and Restated Master Trust Indenture, Deed of Trust and Security Agreement

On December 1, 2021, Brooks executed an Amended and Restated Master Trust Indenture, Deed of Trust and Security Agreement, the Eleventh Supplemental Indenture to such Master Trust Indenture, a Purchase Contract, a Continuing Disclosure Undertaking, a Limited Offering Memorandum, and all other documents, agreements, instruments, and procedures related to the issuance of \$24,108,060 in tax exempt bonds.

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Notes to the Financial Statements

Years Ended September 30, 2021 and 2020

Issuance of Subordinate Lien Revenue Bonds Series 2021A and Series 2021B

On December 1, 2021, a Limited Offering Memorandum was issued by BDA for \$18,425,000 Subordinate Lien Revenue Bonds Series 2021A (Current Interest Bonds) and \$5,683,060 Subordinate Lien Revenue Bonds Series 2021B (Convertible Capital Appreciation Bonds). The Board of Directors (the "Board") adopted a resolution dated November 16, 2021 authorizing the issuance of the Bonds. The Bonds are being issued for the purpose of acquiring, constructing, and equipping certain public improvements within the boundaries of BDA including primarily street improvements, drainage improvements, utility system improvements for water, wastewater, electric and gas utilities, street lighting improvements, and security walls; and; funding a deposit into the Subordinate Lien Debt Service Fund; and; funding a deposit into the Subordinate Lien Debt Service Reserve Fund and to pay the cost of issuance related to the Bonds. The Bonds are special, limited obligations, and are secured equally and ratably, together with all other Subordinate Lien Bonds and other Subordinate Lien Debt issued or incurred pursuant to the Master Indenture and Supplemental Indentures related thereto, by a lien on pledge of the Net Revenues that remain following the monthly deposit of Gross Revenues required to be made into the Senior Lien Debt Service Fund and the Senior Lien Debt Service Reserve Fund created under the Master Indenture and the payment of Operation and Maintenance Expenses then due, and certain moneys and securities held or to be held as part of the Subordinate Lien Pledged Funds created by the Master Indenture, and a lien on and mortgage of certain real property of BDA which is subordinate to the first lien mortgage on such real property granted in the Master Indenture for the benefit of the Senior Lien Bonds.

The Series 2021A Subordinate Lien Bonds are stated to mature on August 15, 2051, interest at the rate of 5.500% will accrue from the Date of Delivery (December 16, 2021) and will be payable on each February 15 and August 15, commencing on February 15, 2022. The Series 2021B Subordinate Lien Bonds are issued as convertible capital appreciation bonds (CABs). Initial interest on the CABs will be due on February 15, 2026; interest at the rate of 5.950% shall accrete from the Date of Delivery and shall be compounded semiannually on each February 15 and August 15, commencing on February 15, 2022, and ending on August 15, 2025 (the "Conversion Date"). All accreted and compounded interest shall be added to the original principal amount of the Series 2021B Subordinate Lien Bonds on the Conversion Date and interest shall accrue from the Conversion Date and shall be paid semiannually on a current basis on each February 15 and August 15, commencing on February 15, 2026, until maturity or prior redemption.

Lease Agreement

On December 1, 2021, Brooks entered into a Lease Agreement with Bitterblue Investments QOZB II, LP for the development of a build-to-suit mixed-use multi-family and retail project located on 14.104 acres at the intersection of Sidney Brooks and S. New Braunfels. The lease term is 99 years with rent commencing 9 months after the issuance of a temporary certificate of occupancy. Base rental is \$400,000 per year with 2% annual increases. The Common Area Maintenance Charge is \$0.05055 per square foot of land and buildings with 3% annual increases. There is also prepaid rent in the amount of \$3,000,000 paid in installments over 10 months commencing with the Lease Date.

Amended and Restated Lease Agreement

On December 16, 2021, Brooks entered into an Amended and Restated Lease Agreement with BOZ Investment II, LLC for the residential community of Heritage Oaks. The Amended and Restated Lease Agreement increases the base rent payable to Brooks to account for the enhancement to Heritage Oaks funded by Brooks.

Combining Financial Statements

Brooks Development Authority

San Antonio, Texas

Combining Statement of Net Position

September 30, 2021

		Component Units			Enterprise Segments			Eliminations	Combined
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		Brooks	Foundation	POA	Aviator	Heritage Oaks	Embassy Suites		
Current Assets									
Cash and cash equivalents – unrestricted	\$	16,571,919	\$ 269,732	\$ 965,464	\$ 221,926	\$ -	\$ 1,132,378	\$ -	\$ 19,161,419
Accounts receivable – net of allowance for doubtful accounts		4,452,557	915	-	13,750	-	81,903	(4,024,339)	524,786
Due from other Governments		345,808	-	-	-	-	-	-	345,808
Note receivable		1,067,926	-	-	-	-	-	-	1,067,926
Intercompany		(5,506,964)	7,930	2,070,451	2,458,583	-	970,000	-	-
Prepaid expenses		136,106	-	-	-	-	18,593	-	154,699
Inventories		-	-	-	-	-	38,975	-	38,975
Total current assets		17,067,352	278,577	3,035,915	2,694,259	-	2,241,849	(4,024,339)	21,293,613
Noncurrent Assets									
Restricted cash – cash held with trustee		7,078,243	-	-	-	-	-	-	7,078,243
Capital assets – net		137,608,763	-	-	521,608	-	34,787	-	138,165,158
		144,687,006	-	-	521,608	-	34,787	-	145,243,401
Total assets		161,754,358	278,577	3,035,915	3,215,867	-	2,276,636	(4,024,339)	166,537,014
Deferred Outflow of Resources									
Derivative instrument		886,564	-	-	-	-	-	-	886,564
Total assets and deferred outflow of resources	\$	<u>162,640,922</u>	<u>\$ 278,577</u>	<u>\$ 3,035,915</u>	<u>\$ 3,215,867</u>	<u>\$ -</u>	<u>\$ 2,276,636</u>	<u>\$ (4,024,339)</u>	<u>\$ 167,423,578</u>
LIABILITIES AND NET POSITION									
Current Liabilities									
Accounts payable	\$	1,074,298	\$ -	\$ -	\$ 80,557	\$ -	\$ 489,974	\$ 2,557,563	\$ 4,202,392
Accrued expenses		296,301	-	-	-	-	-	-	296,301
Accrued interest payable		823,538	-	-	-	-	-	-	823,538
Current portion of long-term liabilities		20,937,458	-	-	-	-	-	-	20,937,458
Unearned revenues		1,030,000	-	-	28,900	-	-	-	1,058,900
Tenant security deposits		170,842	-	-	91	-	-	-	170,933
Total current liabilities		<u>24,332,437</u>	<u>-</u>	<u>-</u>	<u>109,548</u>	<u>-</u>	<u>489,974</u>	<u>2,557,563</u>	<u>27,489,522</u>
Long-Term Liabilities									
Unearned revenues		647,500	-	-	-	-	-	-	647,500
Derivative instrument liability		886,564	-	-	-	-	-	-	886,564
Long-term debt and other liabilities		92,678,059	-	-	-	-	-	-	92,678,059
Total long-term liabilities		<u>94,212,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,212,123</u>
Total liabilities		<u>118,544,560</u>	<u>-</u>	<u>-</u>	<u>109,548</u>	<u>-</u>	<u>489,974</u>	<u>2,557,563</u>	<u>121,701,645</u>
Net Position									
Net investment in capital assets		31,135,934	-	-	521,608	-	34,787	-	31,692,329
Unrestricted		12,960,428	278,577	3,035,915	2,584,711	-	1,751,875	(6,581,902)	14,029,604
Total net position		<u>44,096,362</u>	<u>278,577</u>	<u>3,035,915</u>	<u>3,106,319</u>	<u>-</u>	<u>1,786,662</u>	<u>(6,581,902)</u>	<u>45,721,933</u>
Total liabilities and net position	\$	<u>162,640,922</u>	<u>\$ 278,577</u>	<u>\$ 3,035,915</u>	<u>\$ 3,215,867</u>	<u>\$ -</u>	<u>\$ 2,276,636</u>	<u>\$ (4,024,339)</u>	<u>\$ 167,423,578</u>

Brooks Development Authority

San Antonio, Texas

Combining Statement of Revenue, Expenses and Net Position

Year Ended September 30, 2021

	Component Units			Enterprise Segments			Eliminations	Combined
	Brooks	Foundation	POA	Aviator	Heritage Oaks	Embassy Suites		
Operating Revenues								
Rents – commercial leases	\$ 7,522,476	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,522,476
Enterprise revenue	3,331,168	-	-	3,044,932	1,365,680	7,522,955	(3,331,168)	11,933,567
Fees and miscellaneous income	1,118,018	173,493	2,120,402	-	-	-	(1,903,315)	1,508,598
Total operating revenues	11,971,662	173,493	2,120,402	3,044,932	1,365,680	7,522,955	(5,234,483)	20,964,641
Operating Expenses								
Administration and support	7,221,366	60,802	458,837	927,998	1,063,164	5,888,268	(4,536,091)	11,084,344
Custodial and grounds upkeep	78,038	-	211,911	-	-	-	-	289,949
Environmental and safety	47,336	-	498,738	-	-	-	-	546,074
Repairs and maintenance	323,014	-	108,044	231,740	183,707	378,983	-	1,225,488
Utilities	510,613	-	75,359	280,258	34,977	375,241	-	1,276,448
Insurance	230,919	-	-	151,774	-	162,855	15,000	560,548
Property management and development	37,204	-	-	-	-	-	-	37,204
Depreciation	7,710,692	-	-	-	130,735	-	-	7,841,427
Total operating expenses	16,159,182	60,802	1,352,889	1,591,770	1,412,583	6,805,347	(4,521,091)	22,861,482
Operating gain (loss)	(4,187,520)	112,691	767,513	1,453,162	(46,903)	717,608	(713,392)	(1,896,841)
Nonoperating Revenues (Expenses)								
Investment income	468,500	-	-	-	-	-	(468,500)	-
Interest income	17,070	217	979	-	-	-	-	18,266
Interest expense	(8,097,326)	-	-	-	-	-	698,391	(7,398,935)
Gain on sale of capital assets	15,391,870	-	-	-	-	-	256,077	15,647,947
Disposal/impairment of capital assets	-	-	-	-	(163,161)	-	-	(163,161)
Predevelopment/ Soft Costs	(137,009)	-	-	-	-	-	-	(137,009)
Total nonoperating revenues (expenses) – net	7,643,105	217	979	-	(163,161)	-	485,968	7,967,108
Income (loss) before capital contributions	3,455,585	112,908	768,492	1,453,162	(210,064)	717,608	(227,424)	6,070,267
Capital contributions	1,902,702	-	-	-	-	-	-	1,902,702
Change in net position	5,358,287	112,908	768,492	1,453,162	(210,064)	717,608	(227,424)	7,972,969
Net position at beginning of year	38,738,075	165,669	2,267,423	1,653,157	210,064	1,069,054	(6,354,478)	37,748,963
Net position at end of year	\$ 44,096,362	\$ 278,577	\$ 3,035,915	\$ 3,106,319	\$ -	\$ 1,786,662	\$ (6,581,902)	\$ 45,721,933

Brooks Development Authority

San Antonio, Texas

Combining Statement of Cash Flows

September 30, 2021

	Component Units			Enterprise Segments			Eliminations	Combined
	Brooks	Foundation	POA	Aviator	Heritage Oaks	Embassy Suites		
Cash Flows From Operating Activities								
Receipts from tenants and others	\$ 10,346,982	\$ 187,515	\$ 2,174,933	\$ 2,990,264	\$ 1,304,739	\$ 7,490,319	\$ (5,234,483)	\$ 19,260,269
Payments to employees	(3,638,318)	-	-	(308,542)	(164,731)	(1,941,901)	-	(6,053,492)
Payments to suppliers for goods and services	(4,862,505)	(60,802)	(1,352,889)	(1,441,701)	(1,277,614)	(4,788,360)	4,536,091	(9,247,780)
Net cash used in operating activities	<u>1,846,159</u>	<u>126,713</u>	<u>822,044</u>	<u>1,240,021</u>	<u>(137,606)</u>	<u>760,058</u>	<u>(698,392)</u>	<u>3,958,997</u>
Cash Flows From Noncapital Financing Activities								
Intercompany Borrowing/ Repayments	1,692,680	-	(611,594)	(1,081,086)	-	-	-	-
Disposition of Lease Activities	-	-	-	-	(40,853)	-	-	(40,853)
Net cash provided by noncapital financing activities	<u>1,692,680</u>	<u>-</u>	<u>(611,594)</u>	<u>(1,081,086)</u>	<u>(40,853)</u>	<u>-</u>	<u>-</u>	<u>(40,853)</u>
Cash Flows From Capital and Related Financing Activities								
Acquisition and construction of assets	(3,239,064)	-	-	(26,792)	-	(34,786)	-	(3,300,642)
Proceeds from the Sale of Capital Assets	17,073,172	-	-	15,143	-	-	-	17,088,315
DPT land purchase option fee	20,000	-	-	-	-	-	-	20,000
Loan Proceeds	1,786,931	-	-	-	-	-	-	1,786,931
Predevelopment Costs	(137,009)	-	-	-	-	-	-	(137,009)
Payments on loans	(5,304,688)	-	-	-	-	-	-	(5,304,688)
Interest payments	(8,098,518)	-	-	-	-	-	698,392	(7,400,126)
Contributions from government entities	1,556,894	-	-	-	-	-	-	1,556,894
Net cash provided by capital and related financing activities	<u>3,657,718</u>	<u>-</u>	<u>-</u>	<u>(11,649)</u>	<u>-</u>	<u>(34,786)</u>	<u>698,392</u>	<u>4,309,675</u>
Cash Flows From Investing Activities								
Interest income	17,070	217	979	-	-	-	-	18,266
Net cash provided by investing activities	<u>17,070</u>	<u>217</u>	<u>979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,266</u>
Net increase in cash and cash equivalents	<u>7,213,627</u>	<u>126,930</u>	<u>211,429</u>	<u>147,286</u>	<u>(178,459)</u>	<u>725,272</u>	<u>-</u>	<u>8,246,085</u>
Cash and cash equivalents at beginning of year	16,436,535	142,802	754,035	74,640	178,459	407,106	-	17,993,577
Cash and cash equivalents at end of year	<u>\$ 23,650,162</u>	<u>\$ 269,732</u>	<u>\$ 965,464</u>	<u>\$ 221,926</u>	<u>\$ -</u>	<u>\$ 1,132,378</u>	<u>\$ -</u>	<u>\$ 26,239,662</u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities								
Operating income (loss)	\$ (4,187,520)	\$ 112,691	\$ 767,513	\$ 1,453,162	\$ (46,903)	\$ 717,608	\$ (713,392)	\$ (1,896,841)
Adjustments to reconcile operating loss to net cash used in operating activities:								
Depreciation	7,710,692	-	-	-	130,735	-	-	7,841,427
Changes in operating assets and liabilities:								
Accounts receivable	(944,107)	21,952	54,531	(13,750)	8,101	(22,638)	15,000	(880,911)
Notes Receivable	(1,067,926)	-	-	-	-	-	-	(1,067,926)
Other Receivables	-	(7,930)	-	-	-	-	-	(7,930)
Prepaid expenses	30,461	-	-	8,212	1,072	15,475	-	55,220
Inventories	-	-	-	-	-	12,884	-	12,884
Accounts payable	(49,983)	-	-	(166,685)	(161,569)	46,727	-	(331,510)
Accrued expenses	(32,811)	-	-	-	-	-	-	(32,811)
Unearned revenues	387,353	-	-	(39,584)	(14,127)	-	-	333,642
Tenant Deposits	-	-	-	(1,334)	(54,915)	(9,998)	-	(66,247)
Net cash used in operating activities	<u>\$ 1,846,159</u>	<u>\$ 126,713</u>	<u>\$ 822,044</u>	<u>\$ 1,240,021</u>	<u>\$ (137,606)</u>	<u>\$ 760,058</u>	<u>\$ (698,392)</u>	<u>\$ 3,958,997</u>

Brooks Development Authority

San Antonio, Texas

Combining Statement of Net Position

September 30, 2020

	Component Units				Enterprise Segments				Eliminations	Combined
ASSETS AND DEFERRED OUTFLOW OF RESOURCES	Brooks	Foundation	Aviator LLLP	POA	Aviator	Heritage Oaks	Embassy Suites	Industrial 1		
Current Assets										
Cash and cash equivalents – unrestricted	\$ 11,363,374	\$ 142,802	\$ -	\$ 754,035	\$ 74,640	\$ 178,459	\$ 407,106	\$ -	\$ -	\$ 12,920,416
Accounts receivable – net of allowance for doubtful accounts	3,508,450	22,867	-	54,531	-	8,101	59,265	-	(3,540,839)	112,375
Mezzanine note receivable	-	-	-	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	-	-	-	-
Intercompany	(3,556,022)	-	-	1,458,857	1,377,497	-	970,000	5,745	(256,077)	-
Prepaid expenses	166,567	-	-	-	8,212	1,072	34,068	-	-	209,920
Inventories	-	-	-	-	-	-	51,859	-	-	51,859
Total current assets	11,482,369	165,669	-	2,267,423	1,460,349	187,632	1,522,299	5,745	(3,796,916)	13,294,570
Noncurrent Assets										
Restricted cash – cash held with trustee	5,073,161	-	-	-	-	-	-	-	-	5,073,161
Capital assets – net	143,088,843	-	-	-	509,959	253,043	-	-	-	143,851,844
	148,162,004	-	-	-	509,959	253,043	-	-	-	148,925,005
Total assets	159,644,373	165,669	-	2,267,423	1,970,308	440,675	1,522,299	5,745	(3,796,916)	162,219,575
Deferred Outflow of Resources										
Derivative instrument	1,338,883	-	-	-	-	-	-	-	-	1,338,883
Total assets and deferred outflow of resources	\$ 160,983,256	\$ 165,669	\$ -	\$ 2,267,423	\$ 1,970,308	\$ 440,675	\$ 1,522,299	\$ 5,745	\$ (3,796,916)	\$ 163,558,458
LIABILITIES AND NET POSITION										
Current Liabilities										
Accounts payable	\$ 1,124,281	\$ -	\$ -	\$ -	\$ 247,242	\$ 161,569	\$ 443,247	\$ -	\$ 2,580,429	\$ 4,556,768
Accrued expenses	329,112	-	-	-	-	-	-	-	-	329,112
Accrued interest payable	843,630	-	-	-	-	-	-	-	-	843,630
Current portion of long-term liabilities	2,597,400	-	-	-	-	-	-	-	-	2,597,400
Unearned revenues	540,147	-	-	-	68,484	14,127	-	-	-	622,757
Tenant security deposits	170,842	-	-	-	1,425	54,915	9,998	-	-	237,180
Total current liabilities	5,605,412	-	-	-	317,151	230,611	453,245	-	2,580,429	9,186,848
Long-Term Liabilities										
Unearned revenues	750,000	-	-	-	-	-	-	-	-	750,000
Derivative instrument liability	1,338,883	-	-	-	-	-	-	-	-	1,338,883
Long-term debt and other liabilities	114,556,631	-	-	-	-	-	-	-	(22,867)	114,533,764
Total long-term liabilities	116,645,514	-	-	-	-	-	-	-	(22,867)	116,622,647
Total liabilities	122,250,927	-	-	-	317,151	230,611	453,245	-	2,557,562	125,809,495
Net Position										
Net investment in capital assets	31,093,174	-	-	-	-	-	-	-	-	31,093,174
Unrestricted	7,639,155	165,669	-	2,267,423	1,653,157	210,064	1,069,054	5,745	(6,354,478)	6,655,788
Total net position	38,732,330	165,669	-	2,267,423	1,653,157	210,064	1,069,054	5,745	(6,354,478)	37,748,963
Total liabilities and net position	\$ 160,983,256	\$ 165,669	\$ -	\$ 2,267,423	\$ 1,970,308	\$ 440,675	\$ 1,522,299	\$ 5,745	\$ (3,796,916)	\$ 163,558,458

Brooks Development Authority

San Antonio, Texas

Combining Statement of Revenues, Expenses and Net Position

Year Ended September 30, 2020

	Component Units				Enterprise Segments				Eliminations	Combined
	Brooks	Foundation	Aviator LLLP	POA	Aviator	Heritage Oaks	Embassy Suites	Industrial 1		
Operating Revenues										
Rents – commercial leases	\$ 5,516,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,516,640
Enterprise revenue	1,389,262	-	-	-	2,918,319	2,251,683	5,450,821	-	(1,350,074)	10,660,011
Fees and miscellaneous income	1,368,976	48,687	25,000	2,591,651	-	-	-	-	(2,290,968)	1,743,346
Total operating revenues	8,274,879	48,687	25,000	2,591,651	2,918,319	2,251,683	5,450,821	-	(3,641,042)	17,919,997
Operating Expenses										
Administration and support	8,383,040	82,923	61,000	570,474	664,154	1,519,051	3,892,760	-	(3,366,795)	11,806,606
Custodial and grounds upkeep	85,576	-	-	148,750	-	-	-	-	-	234,326
Environmental and safety	46,751	-	-	495,447	-	-	-	-	-	542,198
Repairs and maintenance	322,729	-	-	70,143	213,506	404,574	341,128	-	-	1,352,079
Utilities	798,196	-	-	81,397	267,957	34,854	311,453	-	-	1,493,857
Insurance	174,896	-	-	27,282	94,716	-	111,355	-	-	408,248
Property management and development	68,881	-	-	11,989	-	-	-	-	-	80,870
Depreciation	7,884,234	-	-	-	-	111,547	-	-	-	7,995,781
Total operating expenses	17,764,303	82,923	61,000	1,405,481	1,240,332	2,070,025	4,656,696	-	(3,366,795)	23,913,965
Operating gain (loss)	(9,489,424)	(34,236)	(36,000)	1,186,169	1,677,987	181,657	794,125	-	(274,247)	(5,993,968)
Nonoperating Revenues (Expenses)										
Investment income	761,521	-	-	-	-	-	-	-	(702,750)	58,771
Interest income	124,809	1,542	-	-	-	-	-	-	-	126,351
Interest expense	(7,707,529)	-	-	(13,821)	-	-	-	-	(250,000)	(7,971,350)
Gain on sale of capital assets	7,669,631	22,867	-	-	-	-	-	-	-	7,692,498
Disposal/impairment of capital assets	(25,143)	-	-	-	-	-	-	-	-	(25,143)
Predevelopment/ Soft Costs	(23,770)	-	-	-	-	-	-	-	-	(23,770)
Total nonoperating revenues (expenses) – net	799,518	24,409	-	(13,821)	-	-	-	-	(952,750)	(142,643)
Income (loss) before capital contributions	(8,689,906)	(9,826)	(36,000)	1,172,348	1,677,987	181,657	794,125	-	(1,226,997)	(6,136,612)
Capital contributions	6,547,436	-	-	-	-	-	-	-	-	6,547,436
Change in net position	(2,142,470)	(9,826)	(36,000)	1,172,348	1,677,987	181,657	794,125	-	(1,226,997)	410,824
Net position at beginning of year	40,874,800	175,495	36,000	1,095,075	(24,830)	28,407	274,929	5,745	(5,127,481)	37,338,139
Net position at end of year	\$ 38,732,330	\$ 165,669	\$ -	\$ 2,267,423	\$ 1,653,157	\$ 210,064	\$ 1,069,054	\$ 5,745	\$ (6,354,478)	\$ 37,748,963

Brooks Development Authority

San Antonio, Texas

Combining Statement of Cash Flows

Year Ended September 30, 2020

	Component Units				Enterprise Segments				Eliminations	Combined
	Brooks	Foundation	Aviator LLLP	POA	Aviator	Heritage Oaks	Embassy Suites	Industrial 1		
Cash Flows From Operating Activities										
Receipts from tenants and others	\$ 7,215,824	\$ 48,687	\$ 25,000	\$ 2,563,234	\$ 2,933,726	\$ 2,234,256	\$ 5,573,225	\$ -	\$ (2,550,507)	\$ 18,043,445
Payments to employees	(3,834,932)	-	-	(531,044)	(299,190)	(196,273)	(2,538,743)	-	-	(7,400,182)
Payments to suppliers for goods and services	(6,580,602)	(82,923)	(61,000)	(874,438)	(1,244,421)	(1,839,099)	(2,141,642)	-	3,486,410	(9,337,715)
Net cash used in operating activities	<u>(3,199,710)</u>	<u>(34,236)</u>	<u>(36,000)</u>	<u>1,157,752</u>	<u>1,390,115</u>	<u>198,883</u>	<u>892,840</u>	<u>-</u>	<u>935,903</u>	<u>1,305,548</u>
Cash Flows From Noncapital Financing Activities										
Intercompany Borrowing/ Repayments	4,749,940	-	-	(719,009)	(1,377,496)	-	(970,000)	(1,688,929)	5,493	-
Net cash provided by noncapital financing activities	<u>4,749,940</u>	<u>-</u>	<u>-</u>	<u>(719,009)</u>	<u>(1,377,496)</u>	<u>-</u>	<u>(970,000)</u>	<u>(1,688,929)</u>	<u>5,493</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities										
Acquisition and construction of assets	(3,794,380)	-	-	-	-	(237,309)	-	-	-	(4,031,689)
Proceeds from the Sale of Capital Assets	9,146,810	-	-	-	-	-	-	1,688,929	-	10,835,739
DPT land purchase option fee	20,000	-	-	-	-	-	-	-	-	20,000
Predevelopment Costs	(23,770)	-	-	-	-	-	-	-	-	(23,770)
Payments on loans	(6,088,497)	-	-	-	-	-	-	-	-	(6,088,496)
Interest payments	(7,637,792)	-	-	(13,821)	-	-	-	-	(238,646)	(7,890,259)
Contributions from government entities	6,547,436	-	-	-	-	-	-	-	-	6,547,436
Net cash provided by capital and related financing activities	<u>(1,830,193)</u>	<u>-</u>	<u>-</u>	<u>(13,821)</u>	<u>-</u>	<u>(237,309)</u>	<u>-</u>	<u>1,688,929</u>	<u>(238,646)</u>	<u>(631,039)</u>
Cash Flows From Investing Activities										
Investment income	761,521	-	-	-	-	-	-	-	(702,750)	58,771
Interest income	124,809	1,543	-	-	-	-	-	-	-	126,352
Net cash provided by investing activities	<u>886,330</u>	<u>1,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(702,750)</u>	<u>185,123</u>
Net increase in cash and cash equivalents	<u>606,367</u>	<u>(32,692)</u>	<u>(36,000)</u>	<u>424,922</u>	<u>12,619</u>	<u>(38,426)</u>	<u>(77,160)</u>	<u>-</u>	<u>-</u>	<u>859,632</u>
Cash and cash equivalents at beginning of year	15,830,168	175,495	36,000	329,112	62,021	216,885	484,266	-	-	17,133,945
Cash and cash equivalents at end of year	<u>\$ 16,436,535</u>	<u>\$ 142,802</u>	<u>\$ -</u>	<u>\$ 754,035</u>	<u>\$ 74,640</u>	<u>\$ 178,459</u>	<u>\$ 407,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,993,577</u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities										
Operating income (loss)	\$ (9,489,424)	\$ (34,236)	\$ (36,000)	\$ 1,186,169	\$ 1,677,987	\$ 181,657	\$ 794,125	\$ -	\$ (274,247)	\$ (5,993,968)
Adjustments to reconcile operating loss to net cash used in operating activities:										
Depreciation	7,884,234	-	-	-	-	111,547	-	-	-	7,995,781
Allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-
Changes in operating assets and liabilities:										
Accounts receivable	(811,159)	-	-	(28,417)	3,891	(4,210)	112,406	-	1,090,535	363,046
Other Receivables	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	(114,204)	-	-	-	22,542	695	(4,699)	-	-	(95,665)
Inventories	-	-	-	-	-	-	1,907	-	-	1,907
Accounts payable	(470,472)	-	-	-	(325,821)	(77,589)	(20,896)	-	119,615	(775,163)
Accrued expenses	49,211	-	-	-	-	-	-	-	-	49,211
Unearned revenues	(292,447)	-	-	-	12,817	(14,426)	-	-	-	(294,055)
Tenant Deposits	44,552	-	-	-	(1,301)	1,218	9,998	-	-	54,467
Net cash used in operating activities	<u>\$ (3,199,710)</u>	<u>\$ (34,236)</u>	<u>\$ (36,000)</u>	<u>\$ 1,157,752</u>	<u>\$ 1,390,115</u>	<u>\$ 198,893</u>	<u>\$ 892,840</u>	<u>\$ -</u>	<u>\$ 935,903</u>	<u>\$ 1,305,548</u>

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
Brooks Development Authority
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Brooks Development Authority (BDA), a component unit of the City of San Antonio, Texas as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise BDA's basic financial statements, and have issued our report thereon dated December 20, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the BDA'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the BDA's internal control.

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

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

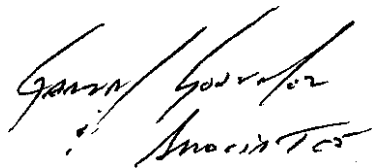
Compliance and Other Matters

As part of obtaining reasonable assurance about whether BDA'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*.

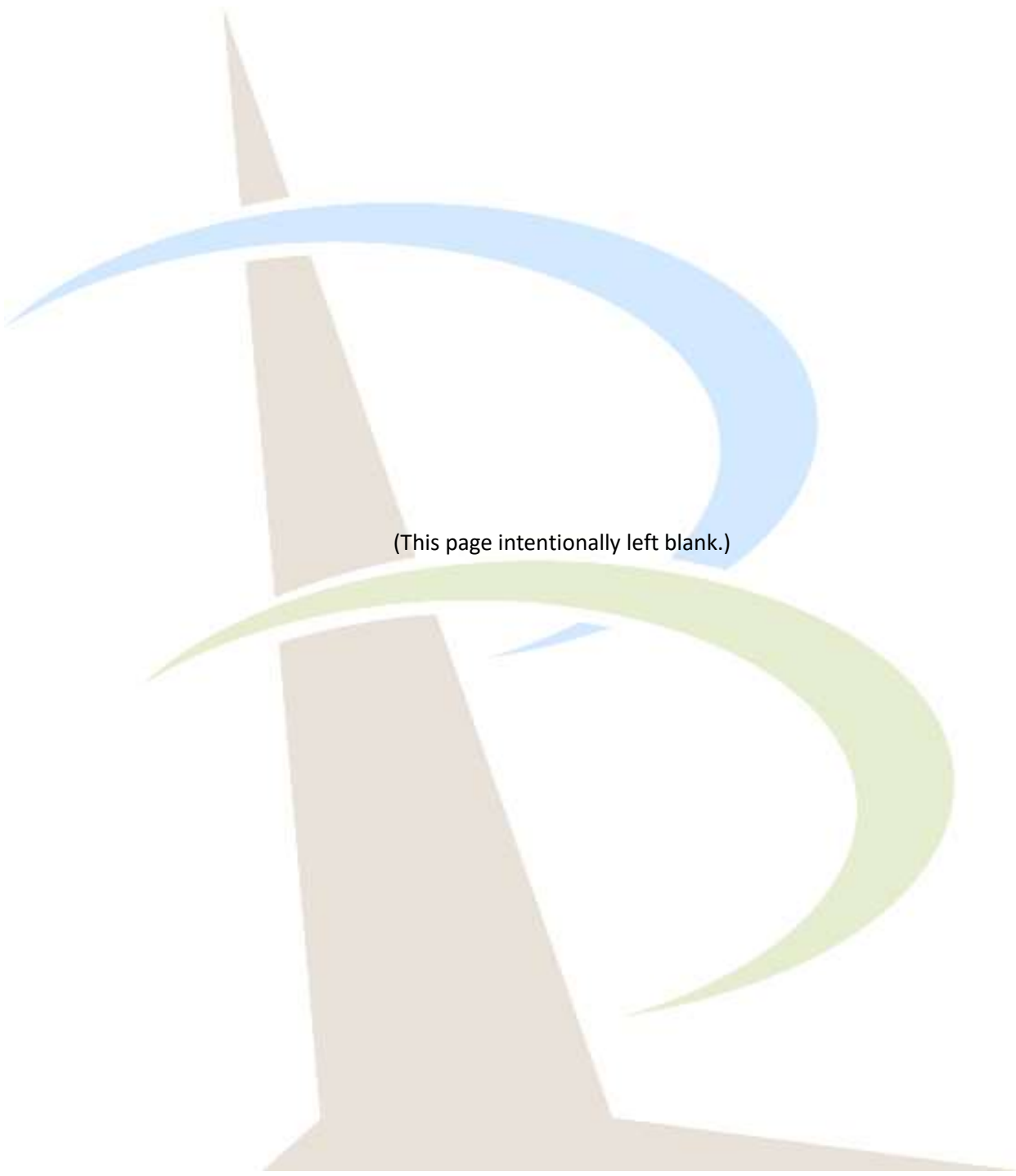
We noted certain matters that we reported to BDA's management in a separate letter dated December 20, 2021.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Gordon/Gordon" followed by "Auditor".

December 20, 2021

An abstract graphic featuring a brown, cone-like shape that tapers upwards. Two curved, swoosh-like lines, one light blue and one light green, arc around the cone. The blue swoosh is positioned higher than the green one. The text "(This page intentionally left blank.)" is centered horizontally between the two swooshes.

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Embassy Suites San Antonio Brooks Hotel and Spa

Balance Sheet

As of September 30, 2021

	Total
ASSETS	
Current Assets	
Bank Accounts	
1007 IBC OPS - NEW -#9266	1,064,463.75
1008 IBC- Credit Card Account #4400	50,638.86
1009 Beverage Account IBC # 9770	11,151.85
1011 Cash Banks at Hotel	3,700.00
1102 PEX Card	2,423.84
Total Bank Accounts	1,132,378.30
Accounts Receivable	
1100 Accounts Receivable (AIR)	81,903.65
Total Accounts Receivable	81,903.65
Other Current Assets	
Inventories	
Beverage Inventory	12,654.41
Food Inventory	17,386.72
Pantry Inventory	1,587.08
Spa Inventory	6,146.62
Starbucks Food Inventory	1,200.18
Total Inventories	38,975.01
Prepaid Expenses	
Insurance	11,007.10
Other Prepays	7,585.92
Total Prepaid Expenses	18,593.02
Total Other Current Assets	57,568.03
Total Current Assets	1,271,849.98
Fixed Assets	
7000 Hotel Fixed Asset Additions	
7001 Housekeeping	6,330.38
7002 Buildings	119,476.15
7003 Engineering Equipment	8,013.71
7004 Kitchen Equipment	1,280.00
7005 Plumbing & Heating	3,930.30
7006 TV, Computers & Electronics	4,822.27
7007 ONQ Equipment	7,674.74
Total 7000 Hotel Fixed Asset Additions	151,527.55
Salon Fixed Asset Additions	
SALON	37,364.47
Total Salon Fixed Asset Additions	37,364.47
Total Fixed Assets	188,892.02
Other Assets	

BDA Project Fund 59-Spa	-34,095.27
01 Contingency/Shipping	1,416.23
02 Eforea Building Sign	4,478.48
03 Equipment	4,476.60
04 FFE & Decor	6,480.17
05 Printing & Promotions	1,460.03
06 Shower	4,017.24
07 Software/Booking System	195.21
08 Textiles	3,616.46
09 Products & Retail Inventory	7,600.25
10 Opening Event	354.60
Total BDA Project Fund 59-Spa	0.00
Total Other Assets	0.00
TOTAL ASSETS	1,460,742.00
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (NP)	337,906.40
Total Accounts Payable	337,906.40
Other Current Liabilities	
9010 Advanced Deposits OnQ	18,461.77
9015 Accrued Salaries & Wages	103,602.64
9016 PTO Accrual	8,469.07
9800 Misc Accounting Accruals	
9809 Misc Accruals	11,534 .59
Total 9800 Misc Accounting Accruals	11,534.59
Total Other Current Liabilities	142,068.07
Total Current Liabilities	479,974.47
Total Liabilities	479,974.47
Equity	
1002 UMB - Lockbox Fund	-5,545,507.53
BDA Capital	-8,617.85
Retained Earnings	4,676,413.60
Net Income	1,858,479.31
Total Equity	980,767.53
TOTAL LIABILITIES AND EQUITY	1,460,742.00

Embassy Suites San Antonio Brooks Hotel and Spa
Profit and Loss
September 2021

	Total
Income	
4100 Rooms Revenue	
4102 Group Corporation	3,520.00
4103 Group National Association	396.00
4104 Group Smearf	10,792.00
4105 Group Government	35,217.00
4107 Corporate Special	54,633.00
4108 Corporate Volume/Airline	15,188.00
4109 Transient	184 ,374.00
4110 Corporate Rack	68,405.00
4111 Package	1,631.00
4112 Discount	82,396.00
4113 Government	95,638.00
Total 4100 Rooms Revenue	552,190.00
4200 Food Revenue	
4201 Starbucks	2,264.95
4202 Restaurant Breakfast	58,672.00
4203 Restaurant Lunch	12,577.65
4204 Restaurant Dinner	18,757.40
4205 Room Service Dinner	3,398.76
4206 Room Service Delivery Charges	330.00
4208 Banquet Breakfast	0.00
4209 Banquet Lunch	5,745.00
4210 Banquet Dinner	34,880.50
4211 Banquet Reception	-1,356.01
4212 Banquet Service Charges	9,655.75
4213 Meeting Room Rental	8,158.07
4214 Audio Visual Income	100.00
4215 Banquet Misc	6,049.00
4216 Banquet MR Service Charge	1,558.25
Total 4200 Food Revenue	160,791.32
4300 Beverage Revenue	
4302 Liquor Sales	11,189.33
4303 Beer Sales	4,341.95
4304 Wine Sales	1,306.15
4305 Banquet Liquor Sales	873.29
4306 Banquet Beer Sales	1,365.91
4308 Manager Reception - Liquor	3,015.00
4309 Manager Reception - Beer	1,748.00
4310 Manager Reception - Wine	666.00
Total 4300 Beverage Revenue	24,505.63

4450 Other Revenue	
4404 Rooms Revenue Other	
4605 Rooms Damage	600.00
4606 No Shows	0.00
4607 Pet Fees	1,284.59
Total 4404 Rooms Revenue Other	1,884.59
4451 Internet Connection	178.20
4452 Vending Commissions	624.28
4453 Other Income	120.08
4454 Long Distance Telephone Sales	15.82
4455 Retail / Sundries	4,441.39
4457 Retail Beverage	0.00
4458 Movie	855.82
4460 Valet Laundry Income	378.72
Total 4450 Other Revenue	8,498.90
4500 Spa Revenue	
4501 Spa Facials	825.00
4502 Spa Massage	21,542.10
4503 Spa Retail	1,256.70
4504 Spa Salt Cave	790.00
4505 Spa Misc	-8.66
Total 4500 Spa Revenue	24,405.14
Total Income	770,390.99
Cost of Goods Sold	
5202 Food Cost Food Cost	37,632.81
5205 Starbucks Food Cost	876.51
Total 5202 Food Cost Food Cost	38,509.32
5302 Beverage Cost	5,169.20
5400 Other Costs	
5401 Sweet Shop	2,841.30
5404 Movies Cost	906.22
Total 5400 Other Costs	3,747.52
5405 Spa Cost	
5406 SPA Service Product Cost	690.29
5407 SPA Retail Product Cost	1,284.19
Total 5405 Spa Cost	1,974.48
Total Cost of Goods Sold	49,400.52
Gross Profit	720,990.47
Expenses	
6101 Rooms Payroll	
6102 Management	5,166.68
6103 Housekeeping	52,820.48
6104 Front Office	15,630.14
6105 Employee Meals	1,297.50
6106 Payroll Tax & Benefits	8,263.77
Total 6101 Rooms Payroll	83,178.57
6110 Rooms Expense	

6111 Cablevision	2,603.87
6112 Cleaning Supplies	3,646.96
6113 Travel Agent Commission	12,810.77
6114 Decorations	34.16
6115 Guest Supplies	-43.51
6117 Guest Breakfast Coupons	100.71
6118 Vallet Laundry	346.85
6119 Linen	5,694.82
6120 Small Equipment	2,576.88
6121 Guest Satisfaction	3,797.83
6122 Other Operating Expense	877.63
6124 Printing, Stationery & Supplies	427.39
6125 Uniforms	293.95
6128 Guest Key Card/Cover	1,406.97
6130 Laundry Cleaning Supply	132.98
6132 Rooms Promo	0.00
Total 6110 Rooms Expense	34,708.26
6210 Food Payroll	
6211 Management	11,666.67
6212 Kitchen	16,032.08
6213 Restaurant	14,621.93
6214 Banquet	7,429.52
6215 Employee Meal	854.68
6216 Payroll Tax & Benefits	7,498.21
Total 6210 Food Payroll	58,103.09
6220 Food Expense	
6221 China, Glass & Silver	314.24
6222 Cleaning Supplies	1,501.73
6224 Equipment Maintenance	815.27
6225 Equipment Rental	720.56
6227 Kitchen Fuels	107.17
6229 Linen	825.60
6230 Small Equipment	534.19
6231 Other Operating Expenses	67.60
6232 Paper Supplies	4,219.64
6233 Printing, Stationery & Supplies	342.13
6237 Entertainment	600.00
6238 Guest Satisfaction	1,340.64
Total 6220 Food Expense	11,388.77
6310 Beverage Payroll	
6311 Beverage Payroll.	2,729.36
6312 Employee Meals	78.08
6313 Payroll Tax & Benefits	470.10
Total 6310 Beverage Payroll	3,277.54
6320 Beverage Expense	
6321 Beverage Licenses	1,072.28
6323 Beverage Supplies	111.96

Total 6320 Beverage Expense	1,184.24
6400 Spa Payroll	
6401 Spa Receptionist	2,314.21
6402 Spa Payroll Taxes & Benefits	1,698.36
6403 Spa Therapist	4,768.38
6404 Spa Manager Payroll	5,767.53
Total 6400 Spa Payroll	14,548.48
6410 Spa Expense	
6415 Spa Other Operating Expense	51.46
6416 SPA - Sales & Mktg Promos	80.00
6418 Spa Dues & Subscriptions	722.00
Total 6410 Spa Expense	853.46
6450 Franchise Fees	
6451 Honors Redemption	18,505.59
6452 Hilton Franchise Fees	22,084.58
6453 Honors Breakfast	2,288.28
6454 Hilton Marketing Fee	30,366.31
Total 6450 Franchise Fees	73,244.76
6500 Admin & General	
6502 Management	8,974.35
6503 Employee Meals	43.33
6504 Payroll Tax & Benefits	857.42
6505 Other Miscellaneous	-3,154.46
6506 External Billing	0.00
6511 Accounting / HR Fees	128.08
6512 Expenses Bank Charges	278.41
6513 Bad Debt Provision	4,524.82
6514 Charge-backs	2,910.68
6515 Credit Card Commissions	18,559.72
6516 Payroll Processing	1,188.36
6518 Employee Advertising	421.07
6519 Equipment Maintenance	4,170.64
6520 In-House Entertainment	102.92
6521 Internet / Telephone	2,754.93
6523 Other Operating Expenses	25.58
6525 Printing, Stationery & Supply	272.19
6526 Employee Relations	23.82
6530 Wired Music Expense	89.86
6532 Tax overages & Shortages	-1,925.73
Total 6500 Admin & General	40,245.99
6600 Sales & Marketing	
6602 Payroll Management	1,949.32
6603 Payroll Tax & Benefits	1,968.68
6610 Sales & Marketing	
6611 Manager Reception	8,131.34
6612 Fees - Advertising	41.38
6613 Embassy Breakfast	61,392.00

6614 Internet Marketing	480.00
6615 In-House Entertainment	181.77
6617 Printing, Stationery & Supply	272.17
6618 Group Commissions	2,386.41
6619 Reservation Expenses	1,754.53
6625 T & E Meals	146.00
6626 SIP - Promo	253.27
Total 6610 Sales & Marketing	75,038.87
Total 6600 Sales & Marketing	78,956.87
6700 Engineering	
6702 Engineering	15,198.55
6703 Employee Meals	212.95
6704 Payroll Tax & Benefits	3,038.54
6710 Engineering Expense	
6711 Air Conditioning	2,302.56
6712 Cleaning Supplies	98.04
6714 Supplies	225.95
6715 Pest Control	791.00
6717 Fire Protection	4,481.00
6718 Landscaping Services	1,495.31
6719 Light Bulb	2,552.12
6720 Locks & Keys	8.64
6723 Painting & Decorating	400.63
6724 Plant Maintenance Contracts	1,550.34
6725 Plumbing & Heating	688.66
6727 Swimming Pool	540.03
6728 Uniforms	40.00
6730 Waste Removal	1,590.41
6731 Elevator	3,030.04
6732 Building	2,098.58
6733 Kitchen Equipment	2,076.12
6744 Hangar 9	-350.00
Total 6710 Engineering Expense	23,619.43
Total 6700 Engineering	42,069.47
6750 Utilities Expense	
6751 Electricity	28,981.80
6752 Fuel	2,814.40
6753 Water & Sewer	5,721.38
Total 6750 Utilities Expense	37,517.58
6801 Management Fee	21,063.15
6804 Insurance Building	13,357.79
Total Expenses	513,698.02
Net Operating Income	207,292.45
Other Expenses	
999000 Payroll Stats	
9996103 Housekeeping	3,409.49
9996104 Front Office	1,084.82

9996212 Kitchen	1,248.38
9996213 Restaurant	1,231.49
9996214 Banquets	505.52
9996311 Beverage	312.32
9996401 Spa Receptionist	170.90
9996403 Spa Therapist	244.05
9996602 Sales Coordinator	140.48
9996702 Engineering	678.45
999995 Payroll Stats Offset	-9,025.90
Total 999000 Payroll Stats	0.00
9991000 Room Stats	
9991010 Available Room Nights	4,680.00
9991035 Total Occupied Rooms	3,936.00
9991195 Room Stats Offset	-8,616.00
Total 9991000 Room Stats	0.00
9991310 Aloha - Spa Gift Card Sold/Redemption	-995.17
Total Other Expenses	-\$ 995.17
Net Other Income	995.17
Net Income	208,287.62

SATBB
Embassy Suites & Spa

		Year to Date:					
		Actual		Prior Year		Budget	
		September 30, 2021		September 30, 2020		September 30, 2021	
		56,940		57,096		56,940	
Available Rooms		42574		33054		38,743	
Occupied rooms		74.8%		57.9%		68.0%	
Occupancy		\$128.88		\$117.74		\$128.51	
Average Daily Rate							
		\$	%	\$	%	\$	%
Rooms		5,487,009	72.9%	3,891,637	71.4%	4,978,985	67.9%
Food		1,480,191	19.7%	1,101,892	20.2%	1,642,405	22.4%
Beverage		240,017	3.2%	218,094	4.0%	336,832	4.6%
Other		85,226	1.1%	70,566	1.3%	91,370	1.2%
SPA		230,512	3.1%	168,632	3.1%	288,464	3.9%
Total		7,522,956	100.0%	5,450,821	100.0%	7,338,056	100.0%
Cost of Goods Sold							
Food Cost		349,217	23.6%	269,318	24.4%	377,752	23.0%
Beverage Cost		53,154	22.1%	47,289	21.7%	70,734	21.0%
Other		40,178	47.1%	29,413	41.7%	36,030	39.4%
Spa		9,983	4.3%	2,170	1.3%	12,333	4.3%
Total		452,532	6.0%	348,190	6.4%	496,849	6.8%
Payroll & Related							
Rooms		744,185	13.6%	562,465	14.5%	702,509	14.1%
Food & Beverage		601,673	35.0%	496,733	37.6%	762,666	38.5%
SPA		153,825	66.7%	134,051	79.5%	205,252	71.2%
Total		1,499,684	19.9%	1,059,198	19.4%	1,670,427	22.8%
Controllables							
Rooms		380,846	6.9%	293,287	7.5%	340,662	6.8%
Food & Beverage		114,011	6.6%	101,633	7.7%	134,426	6.8%
SPA		10,453	4.5%	6,073	20.6%	14,598	5.1%
Total		505,310	6.7%	400,992	7.4%	489,686	6.7%
Profit from Operations							
Rooms		4,361,978	79.5%	3,035,885	78.0%	3,935,814	79.0%
Food & Beverage		602,152	35.0%	405,013	30.7%	633,659	32.0%
Other		45,049	52.9%	41,152	58.3%	55,340	60.6%
SPA		56,251	24.4%	26,339	2.5%	56,281	19.5%
Total		5,065,430	67.3%	3,508,390	64.4%	4,681,094	63.8%
Undistributed Expenses							
Franchise Fees		701,536	9.3%	498,206	9.1%	594,541	8.1%
Admin & General		529,728	7.0%	501,575	9.2%	590,675	8.0%
Sales & Marketing		933,804	12.4%	801,764	14.7%	1,102,325	15.0%
Maintenance		318,219	4.2%	290,230	5.3%	308,540	4.2%
Utilities		375,241	5.0%	311,453	5.7%	333,910	4.6%
Total		2,858,528	38.0%	2,403,228	44.1%	2,929,991	39.9%
Gross Operating Profit		2,206,902	29.3%	1,105,161	20.3%	1,751,103	23.9%
Fixed Expenses							
Management Fee		204,553	2.7%	148,076	2.7%	194,617	2.7%
Insurance		152,855	2.0%	111,355	2.0%	110,676	1.5%
Total		357,408	4.8%	259,431	4.8%	305,293	4.2%
NOI from Hotel Operations		1,849,493	24.6%	845,730	15.5%	1,445,810	19.7%

Embassy Suites San Antonio Brooks Hotel and Spa

Statement of Cash Flows

September 2021

	Total
OPERATING ACTIVITIES	
Net Income	208,287.62
provided by operations:	
1100 Accounts Receivable (AIR)	18,341.11
Inventories:Beverage Inventory	-191.39
Inventories:Food Inventory	3,008.74
Inventories:Pantry Inventory	57.82
Inventories:Spa Inventory	1,974.48
Inventories:Starbucks Food Inventory	372.71
Prepaid Expenses:Insurance	-1,100.71
Prepaid Expenses:Other Prepays	2,336.60
Accounts Payable (A/P)	-45,861.44
9001 Sales Tax 8.25%	0.00
9002 State Occupancy Tax	0.00
9003 City Occupancy Tax	0.00
9005 State Beverage Tax	0.00
9007 Retail Beverage Sales Tax	0.00
9010 Advanced Deposits OnQ	-1,163.81
9015 Accrued Salaries & Wages	4,006.06
9016 PTO Accrual	2,658.74
9802 Misc Accounting Accruals:Manual Check	343.19
9804 Misc Accounting Accruals:Void Checks	0.00
Billing	-25,033.57
9809 Misc Accounting Accruals:Misc Accruals	-8,431.79
provided by operations:	- \$ 48,683.26
Net cash provided by operating activities	159,604.36
INVESTING ACTIVITIES	
BDA Project Fund 59-Spa	-1,904.73
Pre Opening & Inventories	192,504.91
Net cash provided by investing activities	190,600.18
FINANCING ACTIVITIES	
BDA Capital	-190,600.18
Net cash provided by financing activities	- \$ 190,600.18
Net cash increase for period	159,604.36
Cash at beginning of period	972,773.94
Cash at end of period	1,132,378.30

Embassy Suites by Hilton San Antonio Brooks Hotel & Spa FY 2021 Highlights

- Average Daily Rate (ADR) \$128.88

- REVPAR \$96.36
 - (Exceeding budget by \$8.92 (+ 10%))
- OCCUPANCY 74.8%
 - (Exceeding budget by 10%)
- Rooms Revenue \$5,487,009 (exceeding budget by + 10%)
 - Profit from Operations 79.5%
- Food & Beverage Revenue \$1,720,208
 - Profit from Operations 35% (exceeding budget by 3%)
- Spa Revenue \$230,512
 - Profit from Operations 24.4% (exceeding budget by 25%)
- Gross Operating Profit (GOP) \$2,206,902 (29.3%)
 - Exceeding budget by \$455,799 (+ 26%)
- Net Operating Income (NOI) \$1,849,493 (24.6%)
 - Exceeding Budget by \$403,683 (+28%)

- Supply chain issues and increased costs, staffing levels (And competition) amidst the merging post covid labor market have been one of the largest challenges at our hotels, particularly in the vital housekeeping department.
- Food & Beverage product costs are up more than 20%, as compared to 2019.
- Operating supplies in some cases are up 50%.
- Labor costs will continue to evolve, starting rates on average have been increased by \$2.00 to remain competitive within the marketplace, with a very limited labor pool.
- All recruitment measures are in place to continue an all-out effort to restore full staffing models with the welcome return of “busy”
- Texas Workforce Commission issued the revised quarterly payroll tax billing post the pandemic to all employers in the state.... An increase at our hotel of approximately 5%
- There have been no modifications, renewals, or replacements to hotel management.
- In fiscal year 2021 the hotels capital projects \$79,8000. The top three projects included; replacement of room unit AC actuators at \$23,400, the installation of the Delphi FDC Sales System at \$15,000, and the installation of an exterior fountain filtration system at \$12,000.

SATBB 2022 CASH FLOW														
														7/8/2021
MONTH	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL	
DEPOSITS:														
REVENUE	\$ 668,536	\$ 650,228	\$ 673,279	\$ 648,186	\$ 640,582	\$ 719,209	\$ 730,429	\$ 726,911	\$ 735,498	\$ 776,065	\$ 693,584	\$ 677,606	\$	8,340,114
DAILY DEPOSITS	\$ 568,256	\$ 552,694	\$ 572,287	\$ 550,958	\$ 544,494	\$ 611,328	\$ 620,865	\$ 617,874	\$ 625,173	\$ 659,656	\$ 589,547	\$ 575,965	\$	7,089,097
TAX COLLECTIONS	\$ 94,902	\$ 92,787	\$ 96,063	\$ 89,603	\$ 90,257	\$ 100,842	\$ 102,933	\$ 101,379	\$ 102,955	\$ 109,113	\$ 97,166	\$ 91,694	\$	1,169,694
AR COLLECTIONS	\$ 100,280	\$ 97,534	\$ 100,992	\$ 97,228	\$ 96,087	\$ 107,881	\$ 109,564	\$ 109,037	\$ 110,325	\$ 116,410	\$ 104,038	\$ 101,641	\$	1,251,017
PPP LOAN	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	300,000
FF&E RESERVE (4%)	\$ 26,741	\$ 26,009	\$ 26,931	\$ 25,927	\$ 25,623	\$ 28,768	\$ 29,217	\$ 29,076	\$ 29,420	\$ 31,043	\$ 27,743	\$ 27,104	\$	333,605
MIN CASH WORKING REQUIRED	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	250,000
TOTAL DEPOSITS	\$ 1,340,179	\$ 769,025	\$ 796,272	\$ 763,717	\$ 756,462	\$ 848,820	\$ 862,580	\$ 857,366	\$ 867,872	\$ 916,221	\$ 818,494	\$ 796,404	\$	10,393,412
EXPENDITURES:														
AP - TRADE & PAYROLL	\$ 532,068	\$ 513,144	\$ 530,351	\$ 524,454	\$ 512,753	\$ 567,274	\$ 565,125	\$ 571,421	\$ 576,133	\$ 597,090	\$ 558,460	\$ 554,991	\$	6,603,264
INSURANCE:													\$	-
PROPERTY	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$	168,000
MANAGEMENT FEE	\$ 17,389	\$ 16,917	\$ 17,485	\$ 16,898	\$ 16,695	\$ 18,706	\$ 19,078	\$ 18,989	\$ 19,185	\$ 20,273	\$ 18,069	\$ 17,647	\$	217,328
TAXES:													\$	-
OCCUPANCY & SALES	\$ 100,528	\$ 94,902	\$ 92,787	\$ 96,063	\$ 89,603	\$ 90,257	\$ 100,842	\$ 102,933	\$ 101,379	\$ 102,955	\$ 109,113	\$ 97,166	\$	1,178,528
UMB TRANSFER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
FF&E RESERVE	\$ 26,741	\$ 26,009	\$ 26,931	\$ 25,927	\$ 25,623	\$ 28,768	\$ 29,217	\$ 29,076	\$ 29,420	\$ 31,043	\$ 27,743	\$ 27,104	\$	333,605
CAPEX	\$ 29,100	\$ 29,100	\$ 29,100	\$ 29,100	\$ 29,100	\$ 29,100	\$ 29,100	\$ 29,100	\$ 29,100	\$ 29,100	\$ 29,100	\$ 29,100	\$	349,200
TOTAL EXPENDITURES	\$ 719,827	\$ 694,071	\$ 710,654	\$ 706,442	\$ 687,775	\$ 748,106	\$ 757,362	\$ 765,519	\$ 769,217	\$ 794,460	\$ 756,485	\$ 740,008	\$	8,849,925
OPENING CASH AVAILABLE	\$ 382,433	\$ 1,002,786	\$ 1,077,739	\$ 1,163,357	\$ 1,220,632	\$ 1,289,320	\$ 1,390,034	\$ 1,495,252	\$ 1,587,098	\$ 1,685,754	\$ 1,807,515	\$ 1,869,524	\$	382,433
DEPOSITS	\$ 1,340,179	\$ 769,025	\$ 796,272	\$ 763,717	\$ 756,462	\$ 848,820	\$ 862,580	\$ 857,366	\$ 867,872	\$ 916,221	\$ 818,494	\$ 796,404	\$	10,393,412
EXPENDITURES	\$ (719,827)	\$ (694,071)	\$ (710,654)	\$ (706,442)	\$ (687,775)	\$ (748,106)	\$ (757,362)	\$ (765,519)	\$ (769,217)	\$ (794,460)	\$ (756,485)	\$ (740,008)	\$	(8,849,925)
NET CASH	\$ 1,002,786	\$ 1,077,739	\$ 1,163,357	\$ 1,220,632	\$ 1,289,320	\$ 1,390,034	\$ 1,495,252	\$ 1,587,098	\$ 1,685,754	\$ 1,807,515	\$ 1,869,524	\$ 1,925,920	\$	1,925,920
MIN CASH REQUIRED	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$	250,000
FF&E RESERVE AVAILABLI	\$ 297,641	\$ 294,551	\$ 292,382	\$ 289,209	\$ 285,732	\$ 285,401	\$ 285,518	\$ 285,494	\$ 285,814	\$ 287,757	\$ 286,400	\$ 284,405	\$	284,405
CASH AVAILABLE FOR DEBTS SERVICE	\$ 455,144	\$ 533,188	\$ 620,975	\$ 681,423	\$ 753,587	\$ 854,633	\$ 959,734	\$ 1,051,604	\$ 1,149,940	\$ 1,269,758	\$ 1,333,124	\$ 1,391,516	\$	1,391,516

Embassy Suites Brooks (SATBB) Capital Improvements 2019 - 2022

DRAFT WORKING VERSION

Description	Qty	Price	Total	Year						
				2019	2020	2021	2022	2023	2024	2025
Floating Ceiling Lift & Repair	1	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00						
Flex Cart PM Cart	1	\$ 2,700.00	\$ 2,700.00	\$ -	\$ -		\$ 2,700.00			
Pool Vacuum	1	\$ 3,000.00	\$ 3,000.00	\$ -	\$ -	\$ 3,000.00				
Sanitary 28" Wide Area Vacuum	2	\$ 2,500.00	\$ 5,000.00	\$ 5,000.00						
72x48x24 Shelves Storage Rack	20	\$ 150.00	\$ 3,000.00	\$ -	\$ -	\$ 3,000.00				
Fountain Filtration Exterior	1	\$ 12,000.00	\$ 12,000.00	\$ -	\$ -	\$ 12,000.00				
Drain Snake	2	\$ 800.00	\$ 1,600.00	\$ 1,600.00						
Airwall replacement	3	\$ 8,000.00	\$ 24,000.00	\$ -	\$ -		\$ 24,000.00			
Convention slope fencing	1	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00						
Thermostat Johnson Control	5	\$ 450.00	\$ 2,250.00	\$ 2,250.00						
CPS led lights upgrade with credits	1	\$ 37,551.00	\$ 37,551.00	\$ -	\$ -		\$ 37,551.00			
scissor lift 32 feet upright	1	\$ 8,000.00	\$ 8,000.00	\$ -	\$ -		\$ 8,000.00			
Roof walk way	1	\$ 6,000.00	\$ 6,000.00	\$ -	\$ -		\$ 6,000.00			
Television digital upgrade - Netflix- Configuration	1	\$ 3,500.00	\$ 3,500.00	\$ -		\$ -	\$ 3,500.00			
Guestroom Tv	156	\$ 150.00	\$ 23,400.00	\$ -	\$ -	\$ -	\$ 23,400.00			
Guestroom thermostat	156	\$ 165.00	\$ 25,740.00	\$ -	\$ -	\$ -	\$ 25,740.00			
Guestroom light switches	156	\$ 31.00	\$ 4,836.00	\$ -	\$ -	\$ -	\$ 4,836.00			
Carpet Extractor Machine	1	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00						
Chiller motors	6	\$ 450.00	\$ 2,700.00	\$ 2,700.00						
Ligt ballaces	45	\$ 75.00	\$ 3,375.00	\$ 3,375.00						
Public Bathroom Faucet	8	\$ 500.00	\$ 4,000.00	\$ 2,000.00		\$ 2,000.00				
Tint windows meeting room function area	14	\$ 400.00	\$ 5,600.00	\$ -	\$ -	\$ 5,600.00				
Water Softner	1	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ -					
Stuco band repair	1	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00						
AC Unit 4	1	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00						
Chiller Fence	1	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00						
Water line Repair	1	\$ 1,979.55	\$ 1,979.55		\$ 1,979.55					
Pool resurface	1	\$ 17,135.83	\$ 17,135.83		\$ -		\$ 17,135.00			
Pre Meeting room furnitures	1	\$ 15,000.00	\$ 15,000.00			\$ -	\$ 15,000.00			
Lobby Furnitures	1	\$ 30,000.00	\$ 30,000.00			\$ -	\$ 30,000.00			
Elevator lobby Chairs	1	\$ 6,000.00	\$ 6,000.00		\$ -		\$ 6,000.00			
Hilton PMS system	1	\$ 40,000.00	\$ 40,000.00				\$ 40,000.00			\$ -
Exit lights	1	\$ 3,400.00	\$ 3,400.00		\$ -	\$ 3,400.00				
Delphi FDC Sales System	1	\$ 15,000.00	\$ 15,000.00		\$ -	\$ 15,000.00				
Lights Repair balast	20	\$ 300.00	\$ 6,000.00		\$ 3,000.00	\$ 3,000.00				
Chiller 1 Repair	1	\$ 4,000.00	\$ 4,000.00		\$ 4,000.00					
Pump 1,2,3 Repair Broken Butterfly Valve	1	\$ 12,158.00	\$ 12,158.00		\$ 12,458.00					
Chiller 1 Replace Flow Switch	1	\$ 1,557.00	\$ 1,557.00		\$ 1,557.00					
Replace bad Switch design Chiller 1 & 2	1	\$ 3,997.00	\$ 3,997.00		\$ 3,997.00					
Fix letter E in front of building	1	\$ 3,317.00	\$ 3,317.00		\$ 3,317.00					
Chiller 1 Bad condenser motors & blown fuse	1	\$ 3,887.00	\$ 3,887.00		\$ 3,887.00					
Chiller 2 Replace isolation valve actuator	1	\$ 2,949.00	\$ 2,949.00		\$ 2,949.00					
Repair corroted 2" copper piping water line	1	\$ 1,979.00	\$ 1,979.00		\$ 1,979.00					
RTU - York condenser motors	1	\$ 1,226.00	\$ 1,226.00	\$ -	\$ -	\$ 1,226.00				
RTU 10 Restaurant AC unit / Condenser coil	1	\$ 4,440.00	\$ 4,440.00		\$ 4,440.00					
Room AC unit actuators	1	\$ 23,400.00	\$ 23,400.00			\$ 23,400.00				
Bathroom Barn doors replacement	160	\$ 52,000.00	\$ 52,000.00				\$ 52,000.00			
Patio Awnings	6	\$ 24,000.00	\$ 24,000.00				\$ 24,000.00			
Meeting room patio Shades	1	\$ 18,000.00	\$ 18,000.00				\$ 18,000.00			
Patio Heaters	7	\$ 2,100.00	\$ 2,100.00				\$ 2,100.00			
AV HD Projection Screen	3	\$ 4,500.00	\$ 4,500.00				\$ 4,500.00			
Room Televisions	12	\$ 6,000.00	\$ 6,000.00		\$ 3,000.00	\$ 3,000.00				
Eletric Steamer	1	\$ 1,800.00	\$ 1,800.00				\$ 1,800.00			
Landscape Upgrade	2	\$ 7,500.00	\$ 15,000.00		\$ 7,500.00	\$ 7,500.00				
Panic Button System	1	\$ 26,000.00	\$ 26,000.00	\$ -	\$ 26,000.00	\$ -				

\$ 64,725.00	\$ 81,289.55	\$ 79,800.00	\$ 349,202.00			\$ -
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Total \$ 572,877.38

EMBASSY SUITES BROOKS CITY BASE

DRAFT

OPERATING STATEMENT

	2018		2019		2020		2021		2022		2023		2024	
	Total		Total		Total		Total		Total		Total		Total	
Available Rooms	3669400		06694000		5701600		1664000		06940		13494000		96694008	
Occupied Rooms	3429200		34551200		54607500		14190130		OD		54456400		4493000	
% of Occupancy	74%		701%Pa		807%		771%		14424230		783%		790%	
ADR	317336		920103		314072	47%	315450	9.1%	77.7%\$M	4.3%	\$16900	4.8%	\$17550	3.8%
REVPA R	89197		05	12.0%	111355	10.2%	\$11912	4.9%	20312525	5.1%	313233	5.6%	319855	4.8%
Revenues														
Room	\$5,236,993.19	67.7,	55,867,613.00		67.7% 56,483,491.00		66.3% 56,782,704.50		67.1% 57,131,810.40		67.5% 57,534,696.00		66.9% 57,894,516.50	670%
Food & Beverage	52,236,390.64	209%	52,504,856.67		289% \$2,835,828.50		29.0% 52,815,000.00		77.9% 52,900,000.00		27.4% 53,150,000.00		280% 53,280,000.00	27.6%
Other	5109,179.64	14%	5112,372.47		1.314 \$108,070.70		0.1% 5130,000.00		1.3% 5135,000.00		1.3% 5140,000.00		12% 5145,000.00	1.2%
Spa	5151,279.76	2.0%	5178,752.00		2.1% 5045,264.00		3.5% 5380,000.00		3.8% 5405,000.00		18% 5435,000.00		39% 5470,000.00	co%
Total Revenue	\$7,733,843.23	moos	58,663,594.14		100.0% \$9,772,654.20		100.0% 510,107,704.50		100.0% 510,571,810.40		130.0x \$11,259,696.00		100.3% 511,789,516.50	m00%
Profit from Operations														
Rooms	54,169,349.73	79.6%	\$4,703,343.33		80.2% 55,292,830.95		82.6% 55,595,731.21		82.5% 55,919,402.63		630% \$6,329,144.64		M.O. 56,631,391.86	40%
Food & Beverage	5682,970.98	30.5%	5794,300.11		31.7% 5978,355.42		04.0% 5900,600.00		12.0% 5928,000.00		320% 51,008,000.00		32.0% 51,062,400.00	33.0%
Other	562,521.33	57.3%	567,065.37		59.7% 563,700.48		58.9% 565,000.00		so.o% 567,500.00		50.0% 570,000.00		so.o% 572,500.00	so.o%
Spa	510,701.39	7.1%	59,843.08		55% 578,440.84		22.7% 586,332.55		77.7% 592,012.32		22.7% 598,828.05		27.7% \$106,779.73	22.7%
Total Profit	54,925,543.43	637%	55,574,551.89		643% \$6,413,327.69		656% 56,647,863.76		65.5% 57,006,914.95		66.3% 57,505,972.69		66.7% \$7,893,073.59	66.9%
Undistributed Expenses														
Franchise Fees	5548,364.34	7.1%	\$679,531.35		7a% 5768,370.79		7.9% \$908,616.36		to. \$845,744.83		atm \$900,775.68		a.o. 5943,161.32	8.0%
Admin. & General	5582,165.42	75%	\$622,199.34		7.2% 5682,092.07		7.0. 5695,733.91		6.9% 5709,648.59		6.7% \$723,841.56		6.4% \$738,318.39	6.3%
Sales & Marketing	51,267,502.17	164%	\$1,334,740.67		15.4% 51,375,998.09		14.1% 51,344,324.70		13.3% 51,374,335.35		135% 51,407,462.00		22.5% 51,438,321.01	17.2%
Engineering	5263,209.71	3.4%	5302,154.27		3.5% 5320,499.01		3.3% \$343,661.95		3.4% 5359,441.55		3.4% 5382,829.66		3.4% 5400,843.56	3.4%
Utilities	5365,250.59	4.7%	\$343,045.87		4.0% \$411,503.57		4.2% 5423,848.68		4.2% 5436,564.14		a.1% 5449,661.06		40% \$463,150.89	3.9%
Total Undistributed	\$3,026,492.23	39.1%	53,281,671.50		37.9% 53,558,463.53		96.4% 53,616,185.60		35.8% 53,725,734.47		35.2% 53,864,569.97		34.3% 53,983,795.18	331%
Gross Oper. Profit	\$1,899,051.20	246%	52,292,880.39		765% 52,1354,864.15		29.2% 53,031,678.16		300% 53381,180.49		31.0% 53,641,402.72		32.3% 53,909,278.41	33.7%
Fixed Costs														
Management Fees	5208,209.17	27%	5238,265.34		21. 5260,733.32		27% 5280,994.19		2a% 5293,896.33		28% \$313,019.55		32% 5327,748.56	3.4%
Insurance	5116,572.95	15%	5209,168.39		13% \$110,676.00		1.1% 5134,000.0		1.3% \$134,000.00		1.3% 5134,000.00		1.4% 5134,000.00	14%
Fixed Costs	5324,782.17	2%	\$347,413.73		40% \$371,409.32		3.6% \$414,994.19		41% 5427,896.33		4.0% 5447,019.55		atm \$461,748.56	39%
Net Operating Income	51,574,269.08	204%	51,945,466.66		22.5% 52,483,454.84		25.4% 52,616,683.97		25.9% 52,853,284.16		27.0% 53,194,383.17		28.4% \$3,447,529.85	792%
Mortgage			52,122,000.00		0.92% \$2,122,000.00		1.17% 52,122,000.00		1.23% 52,122,000.00		1.34% 52,122,000.00		1.51% 52,222,000.00	1.62%
Net after mortgage			-5176,533.34		5361,454.84		5494,683.97		\$731,284.16		\$3,072,383.17		51,325,529.85	
Capital Reserve 2020.3%:02021.4%					\$293,179.63		\$404,308.18		5422,872.42		\$450,387.84		5471,580.66	
					\$68,275.21		\$90,375.79		\$308,411.74		5621,995.33		5853,949.19	
Operating Expense Reserve kind					\$299,556.14		5615,700.32		\$951,599.13		51,326,804.85		\$1,371,285.48	
Net after reserves					5231,280.93		-5525324.52		5		-5703,809.52		5	
									643,187.38				517,336.29	
					515.00		\$30.00		\$45.00		\$60.00		\$60.00	