



TWEED-NEW HAVEN AIRPORT AUTHORITY

Government-wide Financial Statements and Single Audit Reports

Year ended June 30, 2025

TWEED-NEW HAVEN AIRPORT AUTHORITY

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Year ended June 30, 2025

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Independent Auditor's Report

To the Board of Directors of
Tweed-New Haven Airport Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of *Tweed-New Haven Airport Authority* (Authority) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

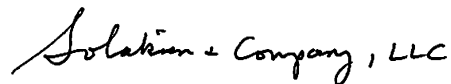
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-16 and 38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 April 15, 2026, on our consideration of Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.



April 15, 2026

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2025

The Tweed New Haven Airport Authority (the "Authority") offers readers the following overview and analysis of the financial activities at the Tweed-New Haven Airport ("HVN" or the "Airport") for the fiscal year ended June 30, 2025 ("FY25"). Complete financial information begins on page 17.

The Authority continued to experience record traffic in FY25 from the continued growth of Avelo Airlines ("Avelo") and the addition of Breeze Airways ("Breeze") in December 2024. During the twelve-month period from July 2024 through June 2025 HVN enplaned 692,686 passengers, a 35% increase over FY24. Avelo and Breeze currently serve more than 30 non-stop destinations from New Haven.

In June 2021, the Authority, Avelo, and Avports, as manager of the Airport, entered into a Three-Party Agreement that led to significant upgrades to the existing westside terminal, traffic circulation, and parking. The Three-Party Agreement was followed by a 43-year Lease and Development Agreement (the "Lease") with The New HVN, LLC (the "Lessee") (an Avports affiliate company) that included plans for future airfield enhancements and a new eastside terminal. That agreement was executed on August 19, 2022, followed by an extension of the Management Agreement with Avports operating under the new name of Avports HVN, LLC (the "Manager").

The starting point for these agreements was an Amended and Restated Lease and Operating Agreement between the City of New Haven (the "City") and the Authority, extending the existing Airport lease through 2064. This agreement no longer anticipates the City providing subsidies for Airport operations or financial assistance for Airport capital projects.

The changes to the Authority's operating and financial structure necessitated by these agreements were first reflected in the FY23 financial statements and this structure is continued for FY25. Under the Lease, in return for the Lessee agreeing to fund certain expenses and the local share of required Airport capital projects, the Lessee retains the rights to terminal related revenues such as car parking revenues, rental car concessions, and other rents and fees related to certain Airport property. Therefore, after August 19, 2022, these revenues, along with terminal related operating expenses, are no longer recorded by the Authority.

The Authority's financial statements are comprised of five different funds. Two accounts were created in FY23 as required under the Lease, an Administration Fund and an Airfield Fund, in addition to the previously presented General Fund, Passenger Facility Charge ("PFC") Fund, and Capital Fund. The Airfield Fund account is used to record revenues and expenses associated with the airfield. The Lessee is required to subsidize any deficits in the Airfield account. The Authority uses the Administration ("Admin") Fund to receive lease revenue from the Lessee and from which it pays administrative costs such as Authority staff salaries and benefits, and legal, accounting, audit, and consulting services. Should there be any surplus in the Admin Fund at the end of the fiscal year, this is to be transferred to an Airport Reserve Fund (ARF). There was no surplus in FY25 and the Admin Fund has an accumulated deficit at June 30, 2025. Therefore, the ARF was unfunded at June 30, 2025.

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Management's Discussion and Analysis

June 30, 2025

On December 22, 2023, the Authority received a Finding of No Significant Impact ("FONSI") from the Federal Aviation Administration ("FAA") on an Environmental Assessment ("EA") that analyzed the impacts of projects identified in the recent Master Plan, including an extension of Runway 2-20 and construction of a new eastside terminal and supporting infrastructure. This decision allows the Authority and the Lessee to begin implementation of the proposed projects. On February 14, 2024 the Town of East Haven filed a petition for review with the United States Court of Appeals for the District of Columbia Circuit. Oral arguments relating to the appeal were heard on December 12, 2025, with a final decision anticipated by Q2 of 2026. The terminal design is approximately 70% complete and a Construction Manager at Risk (CMAR) has been selected, with construction anticipated to begin in Q4 2026. Runway design is at 90% and along with the terminal is going through the environmental permitting process.

The long-term agreements with the Lessee and the Manager transfer significant financial risks from the Authority and eliminate reliance on State of Connecticut (the "State") and City subsidies to fund operating and capital costs. Significant steps remain with regards to governmental permitting and securing the necessary public and private financing of the airfield and eastside terminal improvements. However, the Lessee has elected to begin the design phase of the runway extension project and terminal development at their risk, anticipating future reimbursements. This financial flexibility is a benefit to the airport from the public-private partnership.

Financial Highlights

- Total net position was \$50,200,703 at the close of the fiscal year. Of this amount, \$520,393 represents unrestricted net position. Net position restricted for Capital Projects amounted to \$44,095,921 and the net position restricted in the PFC account totaled \$5,584,389.
- Total assets of the Authority were \$79,071,855 on June 30, 2025, an increase of \$13,694,387 from FY24. Of this increase, \$3,273,103 is directly related to the collection of PFC revenues and related interest income. The Authority also recognized approximately \$3,929,000 in grant income and approximately another \$2,370,000 in Lessee improvements, all of which were capitalized as improvements at the Airport.
- The Authority received no City or State operating and capital improvement subsidies in FY25 and there are no anticipated City or State operating subsidies in future years. The Authority may pursue available State grants made available to airports or other public entities and anticipates a possible \$1,000,000 grant from the Connecticut Airport Authority for the Residential Sound Insulation Program.
- General Fund revenues for FY25 were \$264 and consisted solely of interest income. Revenues, including parking and sublease rental income, previously recognized in the General Fund were assigned to the Lessee as of August 19, 2022. Lease revenue from the new Lease is recognized in the Admin Fund.

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TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2025

Financial Highlights (continued)

- Admin Fund revenues for FY25 were \$906,291 and consisted of lease and related interest income, revenue sharing from the Lessee, and certain expense reimbursements. This was an increase of \$243,540 from FY24. The increase can be attributed to increases in the monthly lease payment, a 32% increase in revenue sharing with the Lessee and a \$184,000 increase in expense reimbursements from the Lessee.
- Admin Fund expenses were \$917,045 for FY25 and are comprised of Authority management costs and professional fees. Admin Fund expenses were \$40,029 less than budget, due primarily to budgeted contingency costs not being utilized. Admin Fund expenses were \$280,922 or 44% higher than the \$636,123 incurred during FY24.
- Authority management expenses represent payroll for the executive director and an administrator and related benefits as well as other administrative costs such as dues and memberships. The executive director and administrator are employees of the Greater New Haven Chamber of Commerce and payroll costs are reimbursed by the Authority. The Executive Director manages non-aviation Authority functions including government affairs, community relations, and oversight of Authority agreements. Authority management expenses incurred by the Admin Fund was \$306,921. This amount was \$10,743 lower than the budgeted amount but higher than the amount recognized by the General and Admin Funds of \$306,451 in FY24.
- Professional fees include legal, accounting, consulting expenses, and the services of the independent auditor. Total expenses for these services incurred by the Admin Fund during FY25 was \$593,251, an increase of \$279,304 when total expenses for these services incurred by the Admin Fund during FY24 was \$313,947. The majority of the increase was legal costs related to environmental assessment appeals, initial costs related to a planned conduit bond issue, and third-party consultants on capital projects. Professional fees for FY25 were higher than the budgeted amount of \$549,410.
- The Admin Fund also recognized another \$211,594 in other professional fee reimbursements in FY25 for certain professional fees incurred after the effective date of the new Lease. This represented a \$184,788 increase over FY24 when professional fee reimbursements were \$26,806.
- Under the agreements entered into in August 2022, the Manager will manage the airfield as agent for the Authority. The Authority will continue to collect fuel flowage and landing fees and reimburse the Manager for airfield related expenses. If airfield expenses exceed revenues, any deficit is paid by the Lessee. It is expected that there will be an airfield deficit for at least the next several years due to current activity levels and the nature of agreements with airfield users.
- Airfield related revenues and expenses are accounted for in the Airfield Fund.

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TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2025

Financial Highlights (continued)

- Airfield expenses were \$3,368,120 in FY25, which included \$1,969,481 in payroll related expenses incurred by the Manager. Total expenses were \$243,291 or 7% lower than the budgeted amount of \$3,611,411. Payroll expenses accounted for \$158,087 of the budget variance. Total Airfield expenses were \$452,651 higher than FY24, in part due to an increase in payroll expenses of \$109,453 and maintenance and utility increases of \$99,552.
- Airfield revenues in FY25 were \$1,038,804, prior to the reimbursement of the operating deficit. This amount exceeded the budgeted amount by \$587,752, or 130%. FY25 Airfield Fund revenues exceeded the FY24 revenues by \$512,711. Airfield revenues include landing fees and fuel flowage charges and the increase is directly attributable to the increase in enplanements and landing fees collected at the Airport. Total Airfield Fund expenses exceeded revenues by \$2,329,316. This deficit was reimbursed by the Lessee under the terms of the Lease.
- The balance sheet reflects that unrestricted cash and cash equivalents were \$535,940. Unrestricted cash and cash equivalents at June 30, 2024 was \$306,185. Cash and cash equivalents in all five Funds were \$10,954,713 on June 30, 2025, an increase of \$1,384,258 from FY24.

Management believes that future cash flow from the Lease, together with government Airport Improvement Program (“AIP”) grants, contractual reimbursements, and other sources will be adequate to meet its anticipated financial obligations as set forth in the FY26 Budgets for the Airfield and Admin Funds.

The Authority is working with the Lessee on a planned conduit bond issue to fund capital projects, including the new East Terminal. While the Authority may be the issuer and own the assets constructed, the Lease states that any debt will be non-recourse to the Authority and be the responsibility of the Lessee.

Overview of the Financial Statements

The management's discussion and analysis is intended to serve as an introduction to the basic financial statements and the notes to the financial statements. The statements and notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The basic financial statements include two kinds of financial statements that present different views of the Authority. The first two statements are government-wide financial statements, the statement of net position and the statement of activities (on pages 17 and 18); and provide information about the activities of the Authority as a whole. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Both long-term assets and liabilities are measured using this basis of accounting.

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TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2025

Overview of the Financial Statements (continued)

The remaining statements are fund financial statements that focus on individual parts of the Authority, reporting the Authority's General Fund operations in more detail than the government-wide financial statements, and start on page 19.

The fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under this focus, long-term assets and liabilities are not reported. Instead, this measurement looks at whether the financial resources obtained during the period are enough to meet the expenditures of the entity. Revenues are reported as collected. Revenues can be reported as collected if they are expected to be collected soon enough after the current accounting period to be available to pay current year liabilities. Expenditures are reported when incurred and measurable as in the accrual basis method.

Government-Wide Statements

The government-wide statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Authority's assets and liabilities. All current year revenues and expenses are reported in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Authority's net position and how it has changed. Net position—the difference between the Authority's assets and liabilities—is one way to measure the Authority's financial health, or position.

Fund Financial Statements

The fund financial statements provide more detailed information about the Authority's most significant funds. Funds are accounting devices that the Authority uses to keep track of specific sources of funding and spending for particular purposes.

The operations of the Authority are reported in the governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. Governmental funds, unlike the government-wide financial statements, focus on near-term inflows and outflows of spendable resources, as well as spendable resources at the end of the year. Such information is useful in evaluating the Authority's near-term financing needs. The governmental activities presented in the statement of net position and the statement of activities is reconciled to the governmental funds in the balance sheet and the statement of revenues, expenditures, and changes in fund balance.

The Authority now maintains five individual governmental funds: the General Fund, the Airfield Fund, the Admin Fund, and two special revenue funds. The General Fund historically accounted for the basic operations of the Airport. Following August 19, 2022, few transactions are expected to occur through this Fund. The Airfield Fund is used to account for Airfield revenues and

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TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2025

Fund Financial Statements (continued)

expenses as well as reimbursements from the Lessee. The Admin Fund receives rents and revenue share from the Lessee and utilizes these revenues to pay for Authority administrative expenses.

The Restricted Fund for PFCs is used to account for the collection and disbursement of PFCs. Cash in this governmental fund may only be spent on eligible projects with prior FAA approval. The Restricted Fund (Capital Projects) is comprised of FAA and U.S. Department of Transportation ("DOT") reimbursements received for prior payments made by the Authority, interest earned on deposits, and revenues recognized for payments made by the Lessee for capital projects on behalf of the Authority. These funds were appropriated for capital projects and are restricted for such use. A sixth fund, the Airport Reserve Fund, will be reported once the Admin Fund has achieved a positive fund balance. The fund financial statements can be found on pages 19 and 20.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2025

Government-Wide Financial Analysis

Net Position

The Authority's net position increased \$6,268,924 during FY25. Total net position includes \$49,600,053 of land, equipment, and capital improvements, less accumulated depreciation. Total unrestricted net position reflects a balance of \$520,393 an increase of \$138,999 from FY24. The Statement of Net Position on June 30, 2025 is shown below:

<i>Assets</i>	Governmental Activities
Current assets:	
Cash and cash equivalents	\$ 535,940
Accounts receivable, net	1,584,908
Lease Receivable	155,409
Grants and government reimbursements receivable, net	4,482,164
Prepaid expenses	9,570
Total current assets	6,767,991
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents-Passenger Facility Charges	5,133,078
Cash and cash equivalents-Capital Fund	5,285,695
Capital assets, net	49,600,053
Leases Receivable-net of current portion	12,285,038
Total noncurrent assets	72,303,864
Total assets	\$ 79,071,855
<i>Liabilities and Net Position</i>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 10,926,573
Long-term liabilities:	
Long-term advances from Lessee	3,212,021
Deferred Revenue	2,292,111
Total liabilities	16,430,705
Deferred inflows of resources:	
Lease deferred inflow-GASB 87	12,440,447
Total deferred inflows of resources	12,440,447
Net position:	
Net investment in capital assets	44,095,921
Restricted for Passenger Facility Charges	5,584,389
Unrestricted	520,393
Total net position	50,200,703
Total liabilities, deferred inflows of resources and net position	\$ 79,071,855

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2025

Government–Wide Financial Analysis (continued)

Statement of Activities (continued)

The statement of activities represents fiscal activity from operations, grants and contributions, and government reimbursements, combining both restricted and unrestricted accounts.

Governmental activities are determined by subtracting total operating expenses from program revenues, grants, contributions, and government reimbursements. In FY25, net governmental activities including the restricted accounts resulted in a positive change in net position of \$6,268,924. This figure, when added to the Authority's net position of \$43,931,779 at the beginning of the fiscal year, equaled a net position of \$50,200,703 at the end of the fiscal year.

Charges for services relating to Airport operations for FY25 were comprised primarily of lease revenue, revenue sharing with lessee, fuel flowage, and landing fees. The Authority recognized \$3,703,841 in revenues from these charges, an increase of \$2,945,668 from FY24 for similar charges. The majority of this increase was \$2,369,804 in Lessee paid improvements to the West terminal which the Authority recognized as additional rental income. Non-government reimbursements included \$2,329,316 of airfield operating deficit payments from the Lessee. Airfield operating deficit payments were \$60,060 lower than FY24.

Passenger Facility Charges were \$3,154,850 in FY25, an increase of \$959,359 or 44%. This is reflective of the increase in passenger enplanements at the Airport driven by an increase in destinations and flights by Avelo and the addition of another major airline, Breeze, at the Airport.

Grants and contributions totaled \$3,928,956 in FY25, an increase of \$803,331 or 26%. Included in the FY25 amount was \$2,500,000 of FAA Airport Improvement Program grants for the design of the new East Terminal. The Authority also received federal grants to install runway visual guidance systems and acquire ancillary equipment for its emergency vehicles. An additional \$663,180 in grant income was received from the FAA as part of the Small Community Air Service Development Program.

Expenses from Airport operations increased from \$7,264,202 in FY24 to \$7,727,649 in FY25. The Authority incurred approximately \$450,000 in additional Airfield expenses and \$663,180 in air service and marketing (see grant above) expenses in FY25.

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TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2025

Government–Wide Financial Analysis (continued)

Statement of Activities (continued)

The statement of activities can be broken down into revenues by program/functions and expenses as follows:

Revenues by major functions:

	2025			
Functions/Programs:	Program	Grants and	Investment	Total
	Revenues	Contributions	income	Revenue
Primary government-governmental activities:				
Government reimbursements	\$ -	3,928,956	-	3,928,956
Non-government reimbursements	2,540,910	-	-	2,540,910
Passenger facility charges	3,154,850	-	-	3,154,850
Airport operations and capital projects	3,703,841	-	268,552	3,972,393
Interest portion of lease income	399,464	-	-	399,464
Total Revenue	\$ 9,799,065	3,928,956	268,552	13,996,573

	2024			
Functions/Programs:	Program	Grants and	Investment	Total
	Revenues	Contributions	income	Revenue
Primary government-governmental activities:				
Government reimbursements	\$ -	3,125,625	-	3,125,625
Non-government reimbursements	2,416,932	-	-	2,416,932
Passenger facility charges	2,195,491	-	-	2,195,491
Airport operations and capital projects	758,173	-	188,166	946,339
Interest portion of lease income	403,959	-	-	403,959
Total Revenue	\$ 5,774,555	3,125,625	188,166	9,088,346

	2025	2024
Functions/Programs:	Expenses	Expenses
Primary government-governmental activities:		
Airport operations	\$ 7,727,649	\$ 7,264,202
Total Expenses	\$ 7,727,649	\$ 7,264,202

(Continued)

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Management's Discussion and Analysis

June 30, 2025

Fund Financial Statement Analysis

Balance Sheet

The balance sheet presents information on the Authority's assets and liabilities. The Authority maintains five fund balance sheets. Three of the funds are unrestricted and are comprised of the General Fund, the Admin Fund, and the Airfield Fund. The table below summarizes the unrestricted fund balance sheets of the Authority by fiscal year:

	2025			
	<u>Admin</u>	<u>Airfield</u>	<u>General</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Unrestricted</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 45,596	228,904	261,440	535,940
Accounts receivable, net	212,390	921,207	-	1,133,597
Prepaid expenses	9,570	-	-	9,570
Total assets	<u>\$ 267,556</u>	<u>1,150,111</u>	<u>261,440</u>	<u>1,679,107</u>
<i>Liabilities and Fund Balances</i>				
Accounts payable and accrued expenses	\$ 145,565	1,150,111	-	1,295,676
Interfund balances payable (receivable)	173,600	-	(310,562)	(136,962)
Total current liabilities	<u>319,165</u>	<u>1,150,111</u>	<u>(310,562)</u>	<u>1,158,714</u>
Fund balance	<u>(51,609)</u>	<u>-</u>	<u>572,002</u>	<u>520,393</u>
Total liabilities and fund balances	<u>\$ 267,556</u>	<u>1,150,111</u>	<u>261,440</u>	<u>1,679,107</u>
	2024			
	<u>Admin</u>	<u>Airfield</u>	<u>General</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Unrestricted</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 7,311	47,049	251,825	306,185
Accounts receivable, net	50,362	583,461	-	633,823
Prepaid expenses	10,200	-	-	10,200
Total assets	<u>\$ 67,873</u>	<u>630,510</u>	<u>251,825</u>	<u>950,208</u>
<i>Liabilities and Fund Balances</i>				
Accounts payable and accrued expenses	\$ 107,720	630,510	-	738,230
Interfund balances payable (receivable)	1,008	-	(170,424)	(169,416)
Total current liabilities	<u>108,728</u>	<u>630,510</u>	<u>(170,424)</u>	<u>568,814</u>
Fund balance	<u>(40,855)</u>	<u>-</u>	<u>422,249</u>	<u>381,394</u>
Total liabilities and fund balances	<u>\$ 67,873</u>	<u>630,510</u>	<u>251,825</u>	<u>950,208</u>

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TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2025

Fund Financial Statement Analysis (continued)

Balance Sheet (continued)

The PFC Fund and the Capital Fund are considered restricted. Funds are considered restricted when external constraints are placed on their use. PFCs may only be spent with FAA approval on eligible projects. Capital Project Funds are used to account for FAA AIP and other grants restricted to Airport improvements. At the end of FY25, total restricted assets were \$15,352,248 with no long-term liabilities. Of the Authority's \$10,954,713 cash balance on June 30, 2025, \$10,418,773 was considered restricted. The table below summarizes the restricted fund balance sheets of the Authority by fiscal year:

	2025		
	Restricted Fund (PFCs)	Restricted Fund (Capital Projects)	Total Restricted
<i>Assets</i>			
Cash and cash equivalents	\$ 5,133,078	5,285,695	10,418,773
Accounts receivable, net	451,311	-	451,311
Grant and reimbursements receivable	-	4,482,164	4,482,164
Total assets	\$ 5,584,389	9,767,859	15,352,248
<i>Liabilities and Fund Balances</i>			
Accounts payable and accrued expenses \$	-	9,630,897	9,630,897
Interfund balances payable (receivable)	-	136,962	136,962
Total current liabilities	-	9,767,859	9,767,859
Fund balance	5,584,389	-	5,584,389
Total liabilities and fund balances	\$ 5,584,389	9,767,859	15,352,248
	2024		
	Restricted Fund (PFCs)	Restricted Fund (Capital Projects)	Total Restricted
<i>Assets</i>			
Cash and cash equivalents	\$ 3,976,888	5,287,382	9,264,270
Accounts receivable, net	432,822	-	432,822
Grant and reimbursements receivable	-	2,801,671	2,801,671
Prepaid expenses	-	34,095	34,095
Total assets	\$ 4,409,710	8,123,148	12,532,858
<i>Liabilities and Fund Balances</i>			
Accounts payable and accrued expenses \$	-	7,963,082	7,963,082
Interfund balances payable (receivable)	9,350	160,066	169,416
Total current liabilities	9,350	8,123,148	8,132,498
Fund balance	4,400,360	-	4,400,360
Total liabilities and fund balances	\$ 4,409,710	8,123,148	12,532,858

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management’s Discussion and Analysis

June 30, 2025

Fund Financial Statement Analysis (continued)

Statement of Revenue, Expenditures, and Changes in Fund Balance

The statement of revenues, expenditures, and changes in fund balance - governmental funds reports the Authority’s revenues and expenses for the fiscal year. The difference between revenues and expenses is combined with the prior fund balance to give the year-end fund balance. The fund balances of the General, Admin, and Airfield Funds—collectively the unrestricted funds—was \$520,393, at the end of FY25, compared to a \$381,394 at the end of FY24. The fund balance of the Restricted Capital Projects Fund was zero at the end of FY25 and FY24.

The fund balance of the PFC Restricted Fund was \$5,584,389 at the end of FY25, compared to \$4,400,360 at the end of FY24. PFC funds are used for eligible airport capital projects authorized under FAA regulations. See table below:

	2025			
	<u>Unrestricted Funds</u>	<u>Restricted Fund (PFCs)</u>	<u>Restricted Fund (Capital Projects)</u>	<u>Total</u>
Total revenues & other financing sources \$	4,274,675	3,273,103	6,448,795	13,996,573
Total expenses	4,285,165	-	8,388,380	12,673,545
Net revenues (expenditures)	(10,490)	3,273,103	(1,939,585)	1,323,028
Fund net position - beginning of year	381,394	4,400,360	-	4,781,754
Interfund Transfers	149,489	(2,089,074)	1,939,585	-
Fund balance - end of year	<u>\$ 520,393</u>	<u>5,584,389</u>	<u>-</u>	<u>6,104,782</u>
	2024			
	<u>Unrestricted Funds</u>	<u>Restricted Fund (PFCs)</u>	<u>Restricted Fund (Capital Projects)</u>	<u>Total</u>
Total revenues & other financing sources \$	3,578,706	2,256,419	3,253,221	9,088,346
Total expenses	3,551,592	-	3,126,934	6,678,526
Net revenues (expenditures)	27,114	2,256,419	126,287	2,409,820
Fund net position - beginning of year	218,643	2,153,291	-	2,371,934
Interfund Transfers	135,637	(9,350)	(126,287)	-
Fund balance - end of year	<u>\$ 381,394</u>	<u>4,400,360</u>	<u>-</u>	<u>4,781,754</u>

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management’s Discussion and Analysis

June 30, 2025

Budgetary Highlights

The statement of revenues, expenses, and changes in fund balance-budgetary comparison schedule, which is a supplementary schedule, reports the operating and non-operating revenues and expenses and compares them against budgeted amounts. The Authority prepared budgets for the Admin and Airfield Funds. The Lessee approves the Airfield budget should budgeted amounts exceed prior year amounts, as adjusted for inflation. The budgetary comparison schedule can be found on page 38.

Factors Impacting Future Periods

The Airport recorded a record 692,686 enplanements in FY25, a continued improvement from FY24. Since the commencement of Avelo operations in November of 2022, the airline has experienced great success and expanded service to 27 non-stop destinations from the Airport. With the addition of Breeze airways, the airport now has nonstop service to over 30 destinations. Passenger enplanements over the last five years were as follows:

FY25	692,686
FY24	511,188
FY23	465,538
FY22	157,797
FY21	7,052

Air service remains a critical factor impacting the Authority going forward. The aviation industry faces numerous challenges including economic and geopolitical issues, pilots and staffing, fuel prices, and availability of aircraft and engines, and many cities across the country have seen reductions in commercial passenger service or airlines leaving a market entirely. The Authority believes that the New Haven region was underserved prior to Avelo entering the market and given its success to date, and ongoing investment in facilities and personnel, believes Avelo has a bright future at the Airport.

On December 19, 2024, Breeze Airways began service at HVN. Four routes to Florida destinations began in December, and a further six destinations commenced in February 2025. New cities to be served by Breeze not currently available with direct service from HVN include Jacksonville, FL; Norfolk, VA; Richmond, VA; and Vero Beach, FL. During FY25 Breeze enplaned 50,906 passengers.

At 5,600 feet, the Airport’s runway is shorter than all but a handful of the U.S. airports with Part 139 Certification that allows certain types of passenger-carrying operations. Based on the Master Plan Update, the recommended Runway 02-22 extension was approximately 975 feet, for a total runway length of approximately 6,635 feet. During the preparation of the EA, the runway extension was further evaluated taking into consideration more recent available information (e.g., wetland delineation and preliminary grading plan). In an effort to minimize environmental impacts, the TNHAA (sponsor) in consultation with the airport’s operators determined that a 60 foot reduction to the proposed runway extension could avoid construction

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2025

Factors Impacting Future Periods (continued)

impacts within tidal wetlands. Therefore, the proposed runway length would be approximately 6,575 feet and accomplishes the Purpose and Need discussed in the EA, while fully complying with FAA design and safety standards. The operational impact of this reduction is expected to be minor compared to the benefits of avoiding filling tidal wetlands adjacent to Runway 02-20.

This would enable additional destinations to be safely accommodated by the most common aircraft currently used by domestic airlines and enable aircraft to serve the Airport year-round without weight or capacity restrictions. With new technology and the next generation of aircraft being developed, the runway length will allow for most cities in the continental US to be served.

The existing terminal on the west side of the Airport is not the best long-term solution for New Haven travelers. Site constraints limit passenger parking, there is insufficient apron space to accommodate new aircraft, and the layout and size of the existing terminal means it lacks many of the amenities expected by today's passengers. The existing location of the terminal also poses a safety concern by requiring midfield runway crossings and back taxiing on a regular basis.

Therefore, both the runway extension and a new terminal are critical for the long-term success of the Airport. Following the completion of design and permitting processes, the Authority and the Lessee will review and analyze the estimated costs of the projects, evaluate funding sources, and confirm financial viability. The FAA has and continues to support these projects with AIP entitlement and discretionary grants as well as PFCs, in addition to private funds from the Lessee. The Lease provides for the Authority to facilitate or enter into certain non-recourse debt instruments that may be advantageous to the Airport and the Lessee.

At the Lessee's request, the Authority has commenced an evaluation process for the use of tax-exempt conduit debt to finance the planned developments. The Authority conducted a request for proposal to select Issuer's Counsel to advise on a potential conduit bond issue and is advancing discussions with the Lessee on the potential structure of this debt, which will be used in conjunction with equity, grants, and other available funds.

Federal funding will play a significant role in the future development of the Airport. Some anticipated funding programs are awarded following competitive processes with HVN—effectively competing for scarce resources against other airports in the region and across the country. Availability of such funds could impact the nature and timing of planned developments. On February 14, 2024, the Authority was awarded a \$2,500,000 grant to be used towards the design and permitting cost of the new terminal, and on October 24, 2024, a further grant award of \$4,000,000 was made to be used for terminal construction.

The new agreements with the Lessee and the City eliminate the reliance on operating subsidies, with the Lessee assuming all financial responsibility for Airport operating expenses. Under the terms of the Lease and Development Agreement, the Authority would receive \$550,000 in rents from the Lessee (growing with inflation each year) plus nominal revenue share of between 0 and 8% of all Airport revenues. The Authority will utilize these funds to complete its oversight and

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2025

Factors Impacting Future Periods (continued)

administrative responsibilities. The State subsidy phased out after FY22, and the final City subsidy of \$162,500 was received in July of 2022 (FY23).

The terminal design is approximately 70% complete and a CMAR has been selected, with construction anticipated to begin in Q4 2026. Runway design is at 90% and along with the terminal is going through the environmental permitting process. The Authority will be seeking \$30M in funding through the Infrastructure Investment and Jobs Act for development of the new terminal. Additionally, the Authority has worked closely with the FAA and Lessee to identify funding sources for the terminal, runway and other capital projects at HVN, including \$25M in discretionary funding.

In addition to Airport operating expenses, the Lessee will also be responsible for funding the share of capital project costs not covered by FAA grants, PFCs, or other available sources. The Authority's revenues and expenses are significantly different compared to 2023 and prior years, as terminal related revenues and expenses will no longer flow through the Authority's accounts.

In addition to the runway and terminal projects, the Authority has included the following projects in its most recent 5-year capital plan:

- Reimbursable agreement for the glide slope relocation.
- Runway extension, design and permitting.
- Terminal area taxiway, design and permitting.
- Perimeter fencing relocation.
- EA phase II.
- Noise Exposure Map and Noise Compatibility Plan Update.
- Aircraft Rescue and Firefight (ARFF) building expansion
- Snow Removal Equipment (SRE)
- SRE Building upgrades

Analysis and Conclusions

After decades of financial under-performance and reliance on subsidies, the Authority made the bold decision to enter new agreements with the Manager and the Lessee that transfers significant financial and operational risks and enables major capital investments to be made in Airport facilities. The Authority retains its role as Airport sponsor and will be responsible for the oversight and enforcement of these agreements.

The Authority believes these new agreements provide the best approach for attaining financial self-sufficiency, relieving the financial burden from State and City government, and providing commercial air service and economic growth in Southern Connecticut.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2025

Analysis and Conclusions (continued)

Significant challenges remain to implement the planned developments and the Authority and the Lessee will continue to work with stakeholders to evaluate and advance these projects.

Contacting the Authority's Financial Management

This financial report is designed to provide interested parties with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Office at 155 Burr Street, Administration Building, New Haven, CT 06512.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Statement of Net Position

June 30, 2025

<i>Assets</i>	Governmental <u>Activities</u>
Current assets:	
Cash and cash equivalents	\$ 535,940
Accounts receivable, net	1,584,908
Lease Receivable	155,409
Grants and government reimbursements receivable, net	4,482,164
Prepaid expenses	9,570
Total current assets	<u>6,767,991</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents-Passenger Facility Charges	5,133,078
Cash and cash equivalents-Capital Fund	5,285,695
Capital assets:	
Capital assets-Land	2,579,182
Capital assets-Capital projects in progress	19,659,093
Capital equipment and improvements, net	27,361,778
Lease receivable-net of current portion	12,285,038
Total noncurrent assets	<u>72,303,864</u>
Total assets	<u>\$ 79,071,855</u>
 <i>Liabilities and Net Position</i> 	
Current liabilities:	
Accounts payable and accrued expenses	\$ 10,926,573
Long-term liabilities:	
Long-term advances from Lessee	3,212,021
Deferred Revenue	2,292,111
Total liabilities	<u>16,430,705</u>
Deferred inflows of resources:	
Lease deferred inflow-GASB 87	12,440,447
Total deferred inflows of resources	<u>12,440,447</u>
Net position:	
Net investment in capital assets	44,095,921
Restricted for Passenger Facility Charges	5,584,389
Unrestricted	520,393
Total net position	<u>50,200,703</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 79,071,855</u>

See accompanying notes to basic financial statements.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Statement of Activities

Year ended June 30, 2025

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position
Governmental activities:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Airport operations	\$ 7,727,649	3,703,841	-	-	(4,023,808)
Government reimbursements	-	-	-	3,928,956	3,928,956
Expense reimbursements and other income	-	2,540,910	-	-	2,540,910
Passenger Facility Charges	-	3,154,850	-	-	3,154,850
Total governmental activities	\$ 7,727,649	9,399,601	-	3,928,956	5,600,908
General revenues:					
Investment income					268,552
Interest income-GASB 87					399,464
Change in net position					6,268,924
Net position-beginning of year					43,931,779
Net position-end of year					\$ 50,200,703

See accompanying notes to basic financial statements.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Balance Sheet-Governmental Fund Type and Account Groups

June 30, 2025

<i>Assets</i>	<u>Admin Fund</u>	<u>Airfield Fund</u>	<u>General Fund</u>	<u>Restricted Fund (Passenger Facility Charges)</u>	<u>Restricted Fund (Capital Projects)</u>	<u>Total</u>
Cash and cash equivalents	\$ 45,596	228,904	261,440	5,133,078	5,285,695	10,954,713
Accounts receivable, net	212,390	921,207	-	451,311	-	1,584,908
Grants and government reimbursements receivable, net	-	-	-	-	4,482,164	4,482,164
Prepaid expenses	<u>9,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,570</u>
Total assets	<u>\$ 267,556</u>	<u>1,150,111</u>	<u>261,440</u>	<u>5,584,389</u>	<u>9,767,859</u>	<u>17,031,355</u>
 <i>Liabilities and Fund Balances</i>						
Accounts payable and accrued expenses	\$ 145,565	1,150,111	-	-	9,630,897	10,926,573
Interfund balances payable (receivable)	<u>173,600</u>	<u>-</u>	<u>(310,562)</u>	<u>-</u>	<u>136,962</u>	<u>-</u>
Total liabilities	<u>319,165</u>	<u>1,150,111</u>	<u>(310,562)</u>	<u>-</u>	<u>9,767,859</u>	<u>10,926,573</u>
 Fund net position:						
Nonspendable	9,570	-	-	-	-	9,570
Restricted	-	-	-	5,584,389	-	5,584,389
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	<u>(61,179)</u>	<u>-</u>	<u>572,002</u>	<u>-</u>	<u>-</u>	<u>510,823</u>
Total fund balance (deficit)	<u>(51,609)</u>	<u>-</u>	<u>572,002</u>	<u>5,584,389</u>	<u>-</u>	<u>6,104,782</u>
Total liabilities and fund balances	<u>\$ 267,556</u>	<u>1,150,111</u>	<u>261,440</u>	<u>5,584,389</u>	<u>9,767,859</u>	<u>17,031,355</u>

Reconciliation of governmental fund net position:

Total fund balances	\$ 6,104,782
Reconciling items:	
Long-term deferred revenue	(2,292,111)
Long-term advancements from Lessee	(3,212,021)
Land	2,579,182
Construction in progress	19,659,093
Capital equipment and improvements	59,045,072
Less accumulated depreciation	<u>(31,683,294)</u>
Net position of governmental activities	<u>\$ 50,200,703</u>

See accompanying notes to basic financial statements.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds

Year ended June 30, 2025

		<u>Admin Fund</u>	<u>Airfield Fund</u>	<u>General Fund</u>	<u>Restricted Funds (Passenger Facility Charges)</u>	<u>(Capital Projects)</u>	<u>Total</u>
Revenues:							
Government reimbursements	\$	-	-	-	-	3,928,956	3,928,956
Concessions, fees and rentals		295,233	1,038,804	-	3,154,850	2,369,804	6,858,691
Expense reimbursements and other income		211,594	2,329,316	-	-	-	2,540,910
Interest income-GASB 87		399,464	-	-	-	-	399,464
Interest and investment income		-	-	264	118,253	150,035	268,552
Total revenues		<u>906,291</u>	<u>3,368,120</u>	<u>264</u>	<u>3,273,103</u>	<u>6,448,795</u>	<u>13,996,573</u>
Authority expenses:							
Professional fees		593,251	-	-	-	-	593,251
Authority management		306,921	-	-	-	-	306,921
Management and performance fees		-	140,000	-	-	-	140,000
Airport operations:							
Salaries and benefits		-	1,969,481	-	-	-	1,969,481
Maintenance		-	656,481	-	-	34,095	690,576
Administration, office and marketing expenses		6,673	383,938	-	-	10,650	401,261
Utilities		-	100,728	-	-	-	100,728
Air Service Development and Marketing		-	-	-	-	663,180	663,180
Security		-	43,519	-	-	-	43,519
Insurance		10,200	73,973	-	-	-	84,173
Capital outlays:							
Infrastructure capital costs		-	-	-	-	7,680,455	7,680,455
Total expenditures		<u>917,045</u>	<u>3,368,120</u>	<u>-</u>	<u>-</u>	<u>8,388,380</u>	<u>12,673,545</u>
Other financing sources and uses, including transfers:							
Interfund transfers		-	-	149,489	(2,089,074)	1,939,585	-
Total other financing sources		<u>-</u>	<u>-</u>	<u>149,489</u>	<u>(2,089,074)</u>	<u>1,939,585</u>	<u>-</u>
Net changes in fund balances		(10,754)	-	149,753	1,184,029	-	1,323,028
Fund balances - beginning of year		<u>(40,855)</u>	<u>-</u>	<u>422,249</u>	<u>4,400,360</u>	<u>-</u>	<u>4,781,754</u>
Fund balances - end of year	\$	<u>(51,609)</u>	<u>-</u>	<u>572,002</u>	<u>5,584,389</u>	<u>-</u>	<u>6,104,782</u>

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance:

Total net change in fund balances-governmental funds						\$ 1,323,028
Reconciling items:						
Expenditures for capital projects-capitalized and expensed as depreciation over the estimated useful lives in the statement of activities, net of long-term advancements						7,680,455
Depreciation expense						<u>(2,734,559)</u>
Change in net position of governmental activities						\$ <u>6,268,924</u>

See accompanying notes to basic financial statements.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(1) Summary of Significant Accounting Policies

Background and Reporting Entity

The 1997 Connecticut General Assembly enacted an “*Act Concerning the Establishment of the Tweed-New Haven Airport Authority*” (the “Authority”) [Public Act 97-271] at the request of the City of New Haven (the “City”), the Greater New Haven Chamber of Commerce, the Regional Leadership Council, REX Development (f/k/a Regional Growth Partnership), Yale University, and area businesses, as a way to improve air service for the Southern Connecticut area.

The legislation created a regional Authority to manage and improve Tweed-New Haven Airport (“Airport”) as an economic development asset for the region. The Authority’s powers include:

- Maintain, manage, supervise, and operate the Airport.
- Maintain a working relationship with the state and municipalities and conduct business as a regional airport.
- Charge reasonable fees for service.
- Enter into contracts, leases, and agreements for goods and services.
- Contract for construction and reconstruction of Airport projects.
- Make plans and studies in conjunction with the Federal Aviation Administration (“FAA”) and other state and federal agencies.
- Plan and enter into contracts with municipalities, the state, businesses, and other entities to finance operations and debt.
- Establish a Board of Directors to carry out functions.
- Employ staff, borrow funds, and issue and sell bonds.
- Acquire property by purchase or lease.
- Prepare and issue budgets.
- Exercise all other powers granted by law.

The Authority held its first Board of Directors (“Board”) meeting on July 31, 1997, at which time it adopted, in accordance with Public Act 97-271, its Bylaws, elected officers, approved an Affirmative Action Statement, and adopted a draft of its Written Procedures. The Board has the primary accountability for fiscal matters. Therefore, the Authority is a financial reporting entity as defined by Government Accounting Standards Board (“GASB”) in its Statement No. 14, “*The Financial Reporting Entity*.” There are no component units included within the reporting entity.

An Executive Director is appointed by the Board and is responsible for the day-to-day activities of the Authority.

The Tweed Statute was amended in 2009 to increase the number of directors to 15, modify the number of directors appointed by each appointing party, and establish a Community Advisory Board comprised of designated Authority directors.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(1) Summary of Significant Accounting Policies (continued)

Background and Reporting Entity (continued)

On August 19, 2022, the Authority executed three agreements that collectively resulted in significant changes to the Authority's operating structure. Firstly, the City and the Authority entered into an Amended and Restated Lease and Operating Agreement. The Authority then executed the sixth amendment to the management agreement with Avports HVN, LLC (the "Manager") and a Lease and Development Agreement with The New HVN, LLC (the "Lessee"). Each agreement has a term of 43 years.

The amended agreement with the City extended the term date to June 30, 2064. The annual rent remains \$1. The amended operating agreement eliminated City operating subsidies beyond FY23. The other basic terms of the amended agreement are:

- Permits the Authority to enter into sublease and operating agreements.
- Permits the Authority to work with the Lessee, as sublessee for the design, construction, financing, operation, and maintenance of a new east terminal and associated ancillary and safety facilities including but not limited to parking, roads, and concessions, and extension of runway 2-20 as described in the Airport Master Plan, a new taxiway adjacent to the east terminal, and access roads to the east terminal.
- Restricts the Lessee from using landing fees or other financial incentives to attract general aviation to the Airport.
- Establishes and includes performance standards to address noise, traffic, wetlands restoration, tidal and water monitoring systems, diversity and hiring programs, sustainability, and general aviation operations.

Under the terms of the amended management agreement, the Manager manages the airfield as the Authority's agent. The Manager also oversees the construction of the runway expansion. The Authority continues to collect landing and fuel flowage fees and is responsible for paying operating expenses to the Manager. If airfield expenses exceed revenues, the deficit is to be paid by the Lessee.

The Lessee has financial and operational responsibility to design, build, finance, operate, and maintain commercial passenger terminals, which includes the current west side and future east side terminal. The Lessee also has responsibility for capital planning, funding, and future Airport development within areas permitted by the Lease and Development Agreement. The Lessee is responsible for setting and collecting Airport rents, rates, and fees and approving the operating budget. All costs associated with operating and maintaining the terminals and Airport facilities are the responsibility of the Lessee. Any deficits within the airfield are subsidized by the Lessee under the Lease and Development Agreement.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(1) Summary of Significant Accounting Policies (continued)

Background and Reporting Entity (continued)

The Lessee pays the Authority an annual base rent of \$550,000 adjusted annually beginning in FY25 for changes in the Consumer Price Index, a tiered percentage of gross revenues up to 8%, up to an additional \$200,000 annually for consulting and professional fees associated with the new terminal and runway projects, and reimbursement of any Authority costs related to a potential debt issuance for these projects.

The Authority is responsible for its own administrative and professional fees for oversight of the Airport. The Authority is the Airport sponsor for purposes of collecting Passenger Facility Charge (“PFC”) revenues and FAA Airport Improvement Project (“AIP”) grants. The Lessee is responsible for the local match requirements, if any, for AIP funded projects and all other projects required under the Lease and Development Agreement.

The Manager acts as the Authority’s agent for all regulatory compliance including grant applications and PFC reporting. Airport PFCs shall be available to the Lessee to pay capital costs (including debt service on any financing) of the development.

The Authority will create an Airport Reserve Fund (“ARF”) and will fund this from any revenue that the Authority receives in excess of its administrative expenses each year. The ARF can be used at the Authority’s discretion for any lawful purpose. It can also be used to repay the Lessee’s reimbursement of the Authority’s transaction costs, as described below, under an annual formula once the fund reaches a defined level. Once the ARF reaches twice the base rent, initially \$1,100,000, any amount above this is considered the ARF surplus. Fifty percent of the ARF surplus is paid towards the outstanding reimbursement balance each year.

Government-wide and Fund Financial Statements

The statement of net position and the statement of activities are government-wide financial statements. They report information on all the Authority’s non-fiduciary activities. Governmental activities include programs supported primarily by grants and other intergovernmental revenues. Business-type activities include operations that rely, to a significant extent, on fees and charges for support.

The statement of activities presents information showing how the Authority’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the related timing of cash flows. The “Grants and Contributions” columns include amounts paid by organizations outside the Authority to help meet operational and capital requirements.

All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds would remain on the government-wide statement of activities.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(1) Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

The fund financial statements provide reports on the financial condition and the results of operations for five fund categories – three governmental and two special revenue funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable. The expenditures related to certain compensated absences, claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent expenditures are made under the provisions of the grant. Accordingly, when such funds are received in advance of disbursements, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the Authority to refund all or part of the unused amount. The Lessee may elect to commence a capital project in advance of an approved grant. As such, the final grant amount, the portion that is PFC eligible, and the local share paid by the Lessee may differ from those estimated as capital expenditures are incurred. A final determination of capital project funding sources will be completed following grant close-outs with the Lessee covering any ineligible project costs via additional rental contributions.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(1) Summary of Significant Accounting Policies (continued)

Fund Equity and Net Position

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance (net position), revenues, expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The fund financial statements in this report consist of the General Fund, the Administration (“Admin”) Fund, the Airfield Fund, and two Special Revenue Fund account groups due to the nature of the Authority’s activities. The Authority will create the ARF Fund as required under the Lease and Development Agreement once the Admin Fund shows a cumulative surplus.

In the government-wide financial statements, net position is classified in the following categories:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of related loans that are attributable to the acquisition and improvement of those assets.
- Restricted for PFC – This category is used to account for collection of PFCs and payment or reimbursement of related capital improvements by the Airport. PFCs are fees authorized by the Congress of the United States of America to be collected for use in federally approved airport improvements and expenditures. The PFC fund is restricted and may be spent only in connection with FAA application and approval procedures.
- Unrestricted Net Position – This category represents the net position of the Authority, which is not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for certain expenses, the Authority expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(1) Summary of Significant Accounting Policies (continued)

Fund Equity and Net Position (continued)

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 54 (“GASB 54”) “*Fund Balance Reporting and Governmental Fund Type*” which defines the different types of fund balances that the Authority must use for its governmental funds. GASB 54 requires the fund balance to be properly reported within one of the following categories for fund financial reporting purposes:

- Nonspendable – fund balance amounts associated with inventories, prepaids, and long-term receivables and payables.
- Restricted – fund balance amounts that can be spent only for the specific purposes stipulated by external source providers or enabling legislation.
- Committed – fund balance amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority, the Board of Directors.
- Assigned – fund balance amounts intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as restricted or committed fund net position.
- Unassigned – fund balance amounts remaining for the General, Admin, and Airfield Funds that are spendable.

The Authority’s committed fund balance reporting is required when funds have been committed at an Authority board meeting. The Authority’s assigned fund balance reporting is required when funds have been assigned by their nature (due to the FAA or for unidentified future capital projects). The Authority’s general policy is to apply expenditures against the applicable fund balance in the following order: nonspendable, assigned, committed, restricted, and unassigned.

Budgetary Information and Accounting

The Authority has operating budgets prepared under the modified accrual basis of accounting for the Admin and Airfield Funds. Both budgets are approved by the Board of Directors; however, the Lessee has certain approval rights for the Airfield Operating Budget.

Cash and Cash Equivalents

The Authority considers cash and cash equivalents, primarily money market funds, to be those investments with original maturities of three months or less.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(1) Summary of Significant Accounting Policies (continued)

Receivables and Payables

All receivables and payables are reported at their gross value. Receivables are reduced by the estimated portion that is expected to be uncollectible. The Authority may establish an allowance for estimated uncollectible accounts when appropriate. There was no allowance for uncollectible accounts as of June 30, 2025.

Capital Assets

Capital assets include improvements to the Airport and other assets used in operations with estimated useful life ranging from five to thirty years. Such assets are recorded at cost and depreciated using the straight-line method.

Lease Receivable

The Authority, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources should be measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The Authority's reporting of deferred inflows of resources relates to lease receivables that will be recognized as revenue in a systematic and rational manner over the term of the lease.

Deferred Revenues

Under the terms of the Lease and Development Agreement, the Lessee is responsible for the cost of capital improvements at the Airport. The Authority will submit AIP Grants and PFC applications, and other applications for funding which may be available from time to time for eligible projects in the Airport Development Plan. The Lessee is responsible for any local share not covered by grants or PFCs. Generally, AIP grants cover up to 90% of the cost of eligible projects. When available and allowable, the Lessee may use PFC monies collected by the Authority to fund the local share of improvements and other improvements not covered by grant funding. If AIP, PFC or other available funds are not eligible or available to fund a particular project, the Lessee must fund the costs. Lessee funded improvements are recognized as additional rent by the Authority. In situations where it is unknown if certain project costs will be grant or PFC eligible, or if the Lessee will be responsible for the costs, the Authority will record deferred revenue as a contra payable to the Lessee until such time as the local share responsibility is ultimately determined.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(1) Summary of Significant Accounting Policies (continued)

Income Taxes

The Authority is exempt from federal and state income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Authority and recognize a tax liability (or asset) if it has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the applicable taxing authorities. Management has concluded that as of June 30, 2025, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Restricted Assets

Funds collected from PFCs are restricted for use and subject to approval by the FAA. Additionally, the cash and other assets in the Capital Project Fund are restricted to Airport capital improvements and major maintenance and repairs. The Authority has used the Capital Project Funds to purchase land and buildings adjacent to Airport property for future use in Airport development and to improve infrastructure at the Airport.

Total Columns on Statements

Total columns on the fund financial statements are presented only to facilitate financial analysis. Data in these columns do not present financial position, operating results, or cash flows in conformity with generally accepted accounting principles.

Date through Which Subsequent Events Have Been Evaluated

Management has evaluated subsequent events through April 15, 2026, the date the financial statements were available to be issued. Management is not aware of any events subsequent to the statement of financial position date which would require additional adjustment to, or disclosure in, the accompanying financial statements.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(2) Reconciliation of Government-wide and Fund Financial Statements

The Balance Sheet - Governmental Fund Type and Account Groups provides the reconciliation between the fund net position for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position.

The following is a reconciliation between the Governmental Funds balance sheet and the statement of net position at June 30, 2025:

Fund balances		\$ 6,104,782
Add: Land	2,579,182	
Construction in progress	19,659,093	
Capital equipment and improvements	59,045,072	
Less: Accumulated depreciation	(31,683,294)	
Long-term deferred revenues	(2,292,111)	
Long-term advances from Lessee	<u>(3,212,021)</u>	<u>44,095,921</u>
Net position of governmental activities		<u>\$50,200,703</u>

The statement of revenues, expenditures, and changes in fund balance - Governmental Funds provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and the changes in net position of governmental activities as reported on the government-wide statement of activities.

The following is a reconciliation between the statement of governmental funds, revenues, expenditures, changes in fund balances, and the statement of activities for the year ended June 30, 2025:

Net change in fund balances-governmental funds	\$1,323,028
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

The amount by which capital outlays exceeded depreciation and in the current period is as follows:

Expenditures for capital projects	13,024,021
Depreciation expense	<u>(2,734,559)</u>
Net capital outlays over depreciation	10,289,462
Increase in long-term deferred revenue	(2,131,545)
Increase in long-term advances from Lessee	<u>(3,212,021)</u>
Change in net position	<u>\$6,268,924</u>

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(3) Cash and Cash Equivalents

Cash and cash equivalents, for all funds consisted of the following in the statement of net position at June 30, 2025:

Deposits	\$ 9,746,301
Money market funds	<u>1,208,412</u>
	<u>\$10,954,713</u>

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned, or the Authority will not be able to recover collateral securities that are in the possession of an outside party. The Authority does not have a deposit policy for custodial credit risk.

The Authority maintains cash accounts in financial institutions which insure deposits with the Federal Deposit Insurance Corporation ("FDIC"). As of June 30, 2025, the aggregate cash balances on deposit at the financial institutions used by the Authority exceeded FDIC deposit insurance limits by approximately \$10,800,000.

In the event that a financial institution becomes insolvent and is placed under FDIC receivership, this collateral is subject to the FDIC requirements for perfecting security interest under federal law. In the opinion of the Connecticut State Attorney General, these requirements have not been met.

(4) Restricted Assets

Restricted assets consist of cash relating to PFCs which are restricted for expenditures for federally approved Airport improvement projects, government reimbursements, and other assets restricted for use on future capital projects. Until restricted funds are required for disbursements, the Authority transfers available funds to interest bearing accounts.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(5) Capital Assets

The following schedule presents the capital activity of the governmental activities for the year ended June 30, 2025:

	Not Depreciated		Depreciated		
	Land	Construction in Progress	Improvements	Vehicles and Equipment	Totals
Capital Assets					
Beginning Balance	\$ 2,579,182	9,105,664	52,555,362	4,019,116	68,259,324
Increases	-	10,553,431	2,369,804	100,786	13,024,021
Decreases	-	-	-	-	-
Ending Balance	<u>2,579,182</u>	<u>19,659,095</u>	<u>54,925,166</u>	<u>4,119,902</u>	<u>81,283,345</u>
Accumulated Depreciation					
Beginning Balance	-	-	28,040,871	907,862	28,948,733
Increases	-	-	2,476,951	257,608	2,734,559
Decreases	-	-	-	-	-
Ending Balance	<u>-</u>	<u>-</u>	<u>30,517,822</u>	<u>1,165,470</u>	<u>31,683,292</u>
Capital Assets, net	<u>\$ 2,579,182</u>	<u>19,659,095</u>	<u>24,407,344</u>	<u>2,954,432</u>	<u>49,600,053</u>

(6) Lease Accounting (GASB 87)

Government Accounting Standards Board Statement No. 87 (“GASB 87”) establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessor is required to recognize, for each lease, a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the term of the lease. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relates to future periods. Interest revenue is recognized on the lease receivable and the inflow of resources (revenue) is recognized from the deferred inflows of resources in a systematic and rational manner over the term of the lease. Certain regulated leases that are subject to external laws, regulations, or legal rulings (e.g. the FAA) do not recognize a lease receivable. Regulated leases include leases between airports and air carriers and other aeronautical users.

The Authority, as lessor in its agreement with The New HVN, LLC, subleases terminal and parking space (non-aeronautical) and hangar (aeronautical) space to the lessee. Under GASB 87, when a lease contains multiple components, the lease may be accounted for as a single lease when the various components of the lease cannot be practically allocated among its components. If multiple components are accounted for as a single lease unit, the accounting for that unit should be based on the primary lease component. The Authority has concluded that the primary components of the lease with The New HVN, LLC are primarily non-aeronautical and therefore the Authority recognizes a receivable and a deferred inflow of resources in accordance with GASB 87.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(6) Lease Accounting (GASB 87) (continued)

The Authority's lease with The New HVN, LLC commenced August 19, 2022, and expires August 19, 2065, with no extension options. The lease requires payment of an annual base rent in the amount of \$550,000 paid in monthly installments. The lease includes variable revenue components, including increases for future increases in the Consumer Price Index, a percentage of lessee gross revenues, and certain professional fee reimbursements associated with new terminal and runway projects. Variable revenues are not included in the measurement of the lease receivable. The Authority recognized approximately \$324,000 in variable lease revenue for FY25.

During the year ended June 30, 2025, the Authority recognized the following inflows related to the lease:

Lease revenue	\$150,768
Interest revenue	399,464
Revenue from variable payments not included in measurement of lease receivable	<u>356,059</u>
	<u>\$906,291</u>

Amounts recognized as lease receivables and deferred inflows of resources-leases was \$12,440,447 at ended June 30, 2025. The GASB 87 lease receivable rate was 3.19% at the inception of the lease. The Authority used the Bloomberg 30-year Municipal Benchmark to estimate the discount rate.

The table below summarizes total remaining lease payments, GASB 87 lease receivables/deferred lease inflows, and lease interest receivable as of June 30, 2025:

<u>Fiscal Year</u>	<u>Lease Receivable</u>	<u>Lease Interest</u>	<u>Total Lease Payments</u>
2026	\$ 155,409	394,591	550,000
2027	160,439	389,561	550,000
2028	165,633	384,367	550,000
2029	170,995	379,005	550,000
2030	176,530	373,470	550,000
2031-2035	972,155	1,777,845	2,750,000
2036-2040	1,140,022	1,609,978	2,750,000
2041-2045	1,336,878	1,413,122	2,750,000
2046-2050	1,567,725	1,182,275	2,750,000
2051-2055	1,838,433	911,567	2,750,000
2056-2060	2,155,886	594,114	2,750,000
2061-2065	2,528,158	221,842	2,750,000
2066	72,184	262	72,446
	<u>\$ 12,440,447</u>	<u>9,631,999</u>	<u>22,072,446</u>

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(7) State and Municipal Funding

The Authority did not receive any operating funds during the fiscal year ended June 30, 2025 from the City and the Authority has not budgeted any revenues from the City for future years.

The City, in previous fiscal years, advanced funds to the Authority to fund equipment and payments to contractors and suppliers for capital projects in advance of reimbursement from the FAA and the State. The Authority reimburses the City after filing the required funding requests and project close-out documentation with the FAA, and funds have been received. Project costs not funded by the FAA or the State were considered the local match. No funds were advanced by the City during the year ended June 30, 2025. Accumulated grant funds received or receivable by the Authority and payable to the City were approximately \$5,146,000 for FY25 with final balances subject to FAA review and close-out and a reconciliation of final amounts owed to and from the City.

The Authority did not recognize or receive any State operating subsidies or grant funds in FY25.

(8) Federal Funding

The Authority recognized funding for expenditures reimbursable under the FAA AIP. The Authority recognized approximately \$3,929,000 in FAA AIP grant income during FY25.

(9) Grants Receivable

Grants receivable consisted of Authority expenditures reimbursable under FAA AIP at the Airport in the amount of \$4,482,164 at June 30, 2025.

(10) Leased Premises, Transfer of Personal Property and Airport Assets

In accordance with Section 3.1 of the 1998 Lease and Operating Agreement, the Authority leases the land, buildings, and related improvements from the City. Compensation due to the City during the lease term is \$1.

In accordance with Section 4.1 of the Lease and Operating Agreement, the City transferred and conveyed to the Authority all of its rights, title, and interest in and to all tangible personal property (generally all the furnishings, materials, equipment and other tangible property located at the Airport). The Authority uses this personal property, including any assets acquired during the lease term, in connection with its operation of the Airport.

Upon the expiration of the Lease and Operating Agreement, Section 4.2 states that the Authority's right, title, and interest in any and all Airport assets then in existence shall immediately vest in the City. See Note 1.

Since the Authority does not have the power of condemnation, Section 9.2 of the Lease and Operating Agreement provides that the City may exercise its right and power to take certain additional property (in the event the Authority deems it necessary or advisable) by eminent

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(10) Leased Premises, Transfer of Personal Property and Airport Assets

domain, and the Authority shall pay any and all acquisition costs. The City has not exercised this right as of June 30, 2025. On August 19, 2022, the City and the Authority entered into an Amended and Restated Lease and Operating Agreement extending the term through June 30, 2064.

(11) Management Agreement

The Authority entered into a management agreement with Avports on July 1, 1998 to operate the Airport. In conjunction with the 43-year Lease and Development Agreement signed August 19, 2022, the existing management agreement was amended and restated with a term of 43 years with Avports operating under the new name of Avports HVN, LLC. Avports HVN, LLC would also commence an extension of Runway 2-20. See Note 1.

Under the amended management agreement, Avports HVN, LLC is primarily responsible for managing the airfield as the Authority's agent. Certain roles and responsibilities previously performed by the manager relating to the terminal and air service development are now performed by the Lessee. A reasonable management fee in line with industry standards is to be included in the Airfield Operating Budget and payable to the Manager.

This fee replaces the previous arrangement that also provided for engineering, air service, and incentive fees, and included management of the terminal. The FY25 management fee for the airfield was approximately \$140,000 following the latest amendment.

Amounts due to Avports under the amended management agreement for Airfield expenses totaled approximately \$1,150,000 at June 30, 2025. Amounts due from the Lessee to cover the related Airfield operating deficit was approximately \$676,000 at June 30, 2025.

The amended management agreement requires the Lessee to maintain the Authority's Capital Fund. The Lessee is responsible for all capital improvement costs at the Airport. The Lessee is responsible for any eligible grant applications. The Authority, as sponsor, receives the grant awards and reimburses the Lessee. If a local match is required, the Lessee is responsible for the cost. If eligible, PFC funds may be available to the Lessee for local match and other costs. Amounts owed by the Authority to the Lessee for capital improvements expected to be reimbursed under FAA AIP grants were approximately \$4,480,000 at June 30, 2025. Amounts owed by the Authority to the Lessee for capital improvements expected to be paid with future PFC applications were approximately \$3,212,000 at June 30, 2025.

(12) Airport Reserve Fund

The Lease and Development Agreement signed August 19, 2022, requires any surplus in the Admin Fund be transferred to the Airport Reserve Fund ("ARF") at year end. Funds maintained in the ARF can be used for any lawful Airport purpose to include capital improvements, repayment of transaction expenses previously reimbursed by the Lessee (approximately \$1,600,000), other unreserved Airport costs and to otherwise enhance the Airport's ability to attract commercial

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(12) Airport Reserve Fund (continued)

airline activity. The Admin Fund did not contribute to the ARF in previous fiscal years due to an operating deficit. The Admin Fund's gross revenues in excess of expenses for FY25 did not create a cumulative surplus. At June 30, 2025 the Admin Fund's cumulative deficit was (\$51,609). Authority management will continue to monitor the Admin Fund revenue and expenses and will fund the ARF once a surplus is attained.

(13) Passenger Facility Charges

The Airport's initial application to impose PFCs was approved by the FAA in 1993 and a total of eight applications had been approved through June 30, 2025. The Authority now has approval to collect \$13,229,912 of PFCs and related interest. Through June 30, 2025, the Authority has cumulatively collected \$12,238,624 in PFC revenues and interest, of which \$3,254,614 was collected during the fiscal year ended June 30, 2025.

(14) Risk Management

The Authority is exposed to various risks of loss including torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases directors' and officers' liability insurance, and Avports HVN, LLC and The New HVN, LLC purchase all other insurance coverage for the Airport.

(15) Contingent Liabilities

The Authority has received State and municipal grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agencies for any expenditures disallowed under the grant. Authority management believes disallowances on State or municipal projects, if any, will not be material.

The Authority may have contingent liabilities with respect to pending litigation, claims, and disputes which existed at June 30, 2025. The total liability with respect to such matters, if any, is not presently determinable; however, it is the opinion of Authority management that any liabilities (there are presently none known) resulting there from will not have a material adverse effect on the Authority's financial position.

The Lease and Development Agreement states that the terminal portion of the Project Loan (see Note 12) will be assumed by The New HVN, LLC at closing. The Authority recognized the assumption of the Loan by the Lessee during FY23, with revenues of approximately \$6,750,363 recorded in the Capital Fund. Under certain circumstances, such as the Lessee being unable to reach financial close, significant delays, or unfavorable determinations arising from the environmental process, the Lease and Development Agreement may be terminated and the Project Loan and other agreed costs will then be payable by the Authority at the agreed terms.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(15) Contingent Liabilities (continued)

On February 6, 2024 the Town of East Haven announced their intent to appeal the FAA's decision on the EA and on February 14, 2024 filed a petition for review with the United States Court of Appeals for the District of Columbia Circuit. Following various motions, preliminaries, and filings of briefs during 2024 and 2025, oral arguments relating to the appeal were heard on December 12, 2025, with a final decision anticipated by Q2 of 2026.

While there is some uncertainty related to the environmental process and the terminal and runway developments, the Authority has a high level of confidence in these projects and believes that they are in the long-term interests of the Airport and the surrounding community. Therefore, while the Authority is disclosing the possibility that this loan obligation may return, it has elected not to record a contingent liability for this eventuality.

The Authority will continue to pursue the runway and terminal projects in line with FAA, federal, state, and local requirements.

(16) Economic Dependency

A significant portion of total revenue is directly and indirectly related to commercial airline service. During FY25, the Airport was served by and dependent on two major airlines. The Airport has historically been dependent on federal, State, and local government grants for Airport improvements and operating subsidies. The Authority has granted the rights to certain airport revenues to The New HVN, LLC, who have agreed to make significant financial investments at the Airport through a combination of debt and equity funding.

(17) Implementation of Future GASB Pronouncements

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- **Statement No. 101, *Compensated Absences*.** Provides a consistent model for accounting for compensated absences and associated salary-related payments. The objectives are to:
 - Ensure uniform accounting recognition across all governments
 - More accurately reflect when a government will incur an obligation
 - Better meet the information needs of financial statement users

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

- **Statement No. 102, *Certain Risk Disclosures*.** Requires state and local governments to disclose information about risks that could make them vulnerable to loss or harm. The statement is intended to improve financial reporting by providing users with timely information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2025

(17) Implementation of GASB Pronouncements (continued)

- **Statement No. 103, *Financial Reporting Model Improvements*.** Aims to improve the financial reporting model by providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.
- **Statement No. 104, *Disclosure of Certain Capital Assets*.** Allows banks, credit unions, and savings institutions to report certain cash receipts and payments in a statement of cash flows. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

The future impact on the Authority's financial position or results of operations has not yet been determined for the unadopted standards above.

(18) Subsequent Events

On November 13, 2025, the FAA provided a Final Agency Decision, approving PFC Application #9 to impose PFCs at the Airport. This application included 15 projects and approved approximately \$170,000,000 in PFCs to be collected through 2053. This application included; initial components of the new East Terminal including permitting and design, utilities, roadways, taxiways, taxi lanes and apron; costs for the extension and rehabilitation of the runway; and other for costs for noise, safety, and environmental projects. While some of these projects are subject to final permitting and approvals, this application allows PFCs to be utilized towards future costs.

On April 8, 2026, the Authority entered into a Memorandum of Understanding (MOU) with the Town of East Haven, the City of New Haven and The New HVN, LLC. The MOU is an agreement to work cooperatively on a number of commitments that will need to be reached in the planned eastside terminal and runway extension projects, both of which, when completed, are expected to greatly enhance the service capabilities and financial stability of the airport. The Town of East Haven is heavily impacted by the eastside terminal project and the MOU provides that the Town, upon completion of the permitting for the eastside terminal project, will receive a larger role in the governance of the Authority and additional state funding to mitigate several potential impacts from the project.

The MOU commits that the parties will advocate for amendments to the Tweed-New Haven Airport Authority Act that will clarify and confirm that the Authority can advance its efforts to provide conduit financing in which the Authority issues tax exempt bonds, loans the proceeds to The New HVN, LLC, and secures repayment from revenue generated by the terminal, including parking, rental car operations and retail leases. Federal funding is expected to cover a significant portion of the construction costs through grants and Passenger Facility Charges. The Authority has no financial obligations under the MOU; it will oversee the construction and continue to oversee the operation of the Airport.

A copy of the MOU is available at the Authority's website. <https://flytweed.com/wp-content/uploads/2026/04/FINAL-Avports-Tweed-MOU.pdf>.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Revenues, Expenditures and Changes in Fund Balance-Budgetary Comparison Schedule

Year ended June 30, 2025

	<u>Admin Fund</u>		<u>Airfield Fund</u>		<u>General Fund</u>	<u>Restricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
	<u>Budgeted Amounts-Final</u>	<u>Actual</u>	<u>Budgeted Amounts-Final</u>	<u>Actual</u>		<u>(Passenger Facility Charges)</u>	<u>(Capital Projects)</u>	
Revenues:								
Government reimbursements	\$ -	-	-	-	-	-	3,928,956	3,928,956
Concessions, fees and rentals	651,000	295,233	451,052	1,038,804	-	3,154,850	2,369,804	6,858,691
Expense reimbursements and other income	283,800	211,594	3,160,359	2,329,316	-	-	-	2,540,910
Interest income-GASB 87	-	399,464	-	-	-	-	-	399,464
Interest and investment income	-	-	-	-	264	118,253	150,035	268,552
Total revenues	<u>934,800</u>	<u>906,291</u>	<u>3,611,411</u>	<u>3,368,120</u>	<u>264</u>	<u>3,273,103</u>	<u>6,448,795</u>	<u>13,996,573</u>
Authority expenses:								
Professional fees	549,410	593,251	-	-	-	-	-	593,251
Authority management	317,664	306,921	-	-	-	-	-	306,921
Management and performance fees	-	-	140,000	140,000	-	-	-	140,000
Airport operations:								
Salaries and benefits	-	-	2,127,568	1,969,481	-	-	-	1,969,481
Maintenance	-	-	728,560	656,481	-	-	34,095	690,576
Administration, office and marketing expenses	80,000	6,673	441,443	383,938	-	-	10,650	401,261
Utilities	-	-	79,300	100,728	-	-	-	100,728
Air Service Development and Marketing	-	-	-	-	-	-	663,180	663,180
Security	-	-	19,300	43,519	-	-	-	43,519
Insurance	10,000	10,200	75,240	73,973	-	-	-	84,173
Capital outlays:								
Infrastructure capital costs	-	-	-	-	-	-	7,680,455	7,680,455
Total expenditures	<u>957,074</u>	<u>917,045</u>	<u>3,611,411</u>	<u>3,368,120</u>	<u>-</u>	<u>-</u>	<u>8,388,380</u>	<u>12,673,545</u>
Other financing sources and uses, including transfers:								
Interfund transfers	-	-	-	-	149,489	(2,089,074)	1,939,585	-
Total other financing sources	-	-	-	-	<u>149,489</u>	<u>(2,089,074)</u>	<u>1,939,585</u>	<u>-</u>
Net changes in fund balances		(10,754)		-	149,753	1,184,029	-	1,323,028
Fund balances - beginning of year		(40,855)		-	422,249	4,400,360	-	4,781,754
Fund balances - end of year		\$ <u>(51,609)</u>		<u>-</u>	<u>572,002</u>	<u>5,584,389</u>	<u>-</u>	<u>6,104,782</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
Tweed-New Haven Airport Authority

We have audited, 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tweed-New Haven Airport Authority (Authority) as of and for the year then ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated April 15, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 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 over financial reporting 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.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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*.

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

Solution + Company, LLC

April 15, 2026



**Independent Auditor's Report On Compliance For Each Major Program
And On Internal Control Over Compliance Required By The Uniform Guidance**

To the Board of Commissioners
Tweed-New Haven Airport Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tweed-New Haven Airport Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Tweed-New Haven Airport Authority's major federal programs for the year ended June 30, 2025. Tweed-New Haven Airport Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. In our opinion, Tweed-New Haven Airport Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Tweed-New Haven Airport Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Tweed-New Haven Airport Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Tweed-New Haven Airport Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Tweed-New Haven Airport Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Tweed-New Haven Airport Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Tweed-New Haven Airport Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Tweed-New Haven Airport Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Tweed-New Haven Airport Authority's internal control over compliance. Accordingly, no such opinion is expressed. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Solution + Company, LLC

April 15, 2026

TWEED-NEW HAVEN AIRPORT AUTHORITY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2025

<u>Federal Agency/Pass-through Agency/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation- Airport Improvement Program:			
Grants-In-Aid For Airports: Coronavirus Aid, Relief, and Economic Security Act	20.106	3-09-0013-052-2020	\$ 30,685
Twys A F G Construction Ph 1 & Relocate Perimeter Fence	20.106	3-09-0013-061-2021	60,760
Grants in Aid for Airports	20.106	3-09-0013-070-2024	90,708
Airports Terminal Program	20.106	3-09-0013-071-2024	2,500,000
Grants in Aid for Airports	20.106	3-09-0013-072-2024	84,046
Runway Visual Guidance, Runway Rehab, Taxiway 2 Reconstruct Taxiway 3 Rehab, Extend\Expand Runway	20.106	3-09-0013-074-2025	657,397
Small Community Air Service Development Grant and Associated Marketing Program	20.930	69A34521400070035	<u>663,180</u>
Total U.S. Department of Transportation -Airport Improvement Program			\$ <u><u>4,086,776</u></u>

See notes to schedule of expenditures of federal awards.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2025

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Tweed-New Haven Airport Authority (Authority) under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 – Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 – Amendments to Agreement with City of New Haven

On August 19, 2022, the Authority executed three agreements that collectively resulted in significant changes to the Authority's operating structure. Firstly, the City of New Haven (City) and the Authority entered into an Amended and Restated Lease and Operating Agreement. The Authority then executed the sixth amendment to the management agreement with Avports HVN, LLC (Manager) and a Lease and Development Agreement with The New HVN, LLC (Lessee). Each agreement has a term of 43 years. The amended agreement with the City extended the term date to June 30, 2064.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Schedule of Findings and Questioned Costs - Federal Awards

Year ended June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified? _____ yes X no

• Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? _____ yes X no

• Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with Section
200.516 of the Uniform Guidance? _____ yes X no

Identification of major programs:

CFDA Number(s): 20.106 - U.S. Department of Transportation-Airport Improvement Program

Dollar threshold used to distinguish between
type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II – Financial Statement Findings

No findings or questioned costs are reported relating to financial statements audit.

Section III– Federal Award Findings and Questioned Costs

No findings or questioned costs are reported relating to Federal award programs.