LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF KANSAS CITY, MISSOURI)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2026

WITH

INDEPENDENT AUDITOR'S REPORTS

AGH
CPAs & ADVISORS

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF KANSAS CITY, MISSOURI)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2026

WITH

INDEPENDENT AUDITOR'S REPORTS

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Kansas City, Missouri)

FINANCIAL STATEMENTS

For the Year Ended April 30, 2026

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 8
Basic Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Balance Sheet - Governmental Funds	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	13
Notes to the Financial Statements	14 - 22
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*	23 - 24

This is a copy of the Authority's annual financial statements reproduced from an electronic file. An original copy of this document is available at the Authority's office.

AGH CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Land Clearance for Redevelopment Authority
Kansas City, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Land Clearance for Redevelopment Authority (Authority), a component unit of the City of Kansas City, Missouri, as of and for the year ended April 30, 2026, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of April 30, 2026, and the respective changes in financial position 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 12 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of

its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Overland Park, KS
October 30, 2026

As management of the Land Clearance for Redevelopment Authority (Authority), we offer readers the Authority's financial statements with this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended April 30, 2026. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements which follow this narrative.

Financial Highlights

Construction of the Loews KC Convention Center Hotel in downtown Kansas City, Missouri was completed in fiscal year 2021. The project was privately funded through the Land Clearance for Redevelopment Authority and financed with a mixture of private and public financing issued in 2018. Series 2018A and Series 2018B bonds with principal amounts totaling $124.8 million were issued through the Authority and TIF Commission. During fiscal year 2026, the Authority recognized $5.5 million in tax increment financing revenues on the 2018 Series B bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The basic financial statements present two different views of the Authority through the use of government-wide statements and fund financial statements.

Basic Financial Statements

The first two statements in the basic financial statements are the government-wide financial statements. They provide both short-term and long-term information about the Authority's financial status.

The next statements are fund financial statements. These statements focus on the activities of the individual parts of the Authority's government. These statements provide more detail than the government-wide statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Authority's finances, similar in format to a financial statement of a private-sector business. The government-wide financial statements provide short-term and long-term information about the Authority's financial status as a whole.

1. The statement of net position represents information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Measuring net position is one way to gauge the Authority's financial condition.

2. The statement of activities presents information showing how the Authority's net position changed during the year. This statement includes all of the Authority's revenues and expenses, regardless of when the cash is received or paid.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Authority's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Authority's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements provide a detailed short-term view that helps the reader determine if there are more or fewer financial resources available to finance the Authority's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Analysis of the Basic Financial Statements

Our analysis below focuses on the net position and changes in net position of the Authority for the year ended April 30, 2026.

Net Position
Governmental Activities

	2026	2025
Assets		
Cash	$ 718,627	$ 336,357
Restricted cash and investment	7,676,378	7,540,244
Other current assets	101,291	39,439
Notes receivable	1,400,000	1,400,000
Prepaid items	762	1,512
Capital assets, net of accumulated depreciation	2,835,341	2,933,798
Total assets	12,732,399	12,251,350
Liabilities		
Current liabilities	2,165,645	1,708,153
Due to the City of Kansas City, Missouri	1,440,760	1,433,102
Long-term liabilities	56,943,065	59,630,308
Total liabilities	60,549,470	62,771,563
Net position (deficit)		
Investment in capital assets	2,835,341	2,933,798
Restricted - expandable	6,964,482	6,798,814
Unrestricted	(57,616,894)	(60,252,825)
Total net position (deficit)	$ (47,817,071)	$ (50,520,213)

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The liabilities of the Authority exceeded assets by $47,817,071 as of April 30, 2026. The Authority's net position increased by $2,703,142 for the fiscal year ended April 30, 2026.

The investment in capital assets consists of the Wyandotte parking garage and other properties net of accumulated depreciation. The restricted net position is associated with the remaining proceeds of the 2018 Series B bonds issued for the KC Convention Center Hotel project. As the bond proceeds are utilized, the restricted net position is reduced.

Changes in Net Position
Governmental Activities

	2026	2025
Revenues		
Program revenues:		
Charges for services	$ 669,917	$ 252,597
General revenues:		
Tax increment financing	5,539,401	5,103,607
Interest and other	240,350	286,323
Total revenues	6,449,668	5,642,527
Program expenses		
Economic development	821,890	437,165
Interest and bonds issuance costs	2,924,636	3,042,765
Total expenses	3,746,526	3,479,930
Change in Net Position	2,703,142	2,162,597
Net Position (deficit), Beginning of Year	(50,520,213)	(52,682,810)
Net Position (deficit), End of Year	$ (47,817,071)	$ (50,520,213)

Revenues increased in 2026 compared to 2025 due to the increase in fees received from developers reported as charge for services.

Program expenses increased in 2026 compared to 2025 due primarily to payments to the Economic Development Corporation of Kansas City, Missouri (EDC) for administrative fees.

Financial Analysis of the Authority's Funds

The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance serves as a measure of an entity's net resources available for use.

As the Authority completed the year, its governmental funds reported a total fund balance of $7,002,549, an increase of $84,822 from the prior year. This was primarily due to increased receipts of tax increment financing. The Authority's ending general fund balance decreased $51,312. General fund revenues increased $418,437, due to an increase in funding agreements with developers and revenues from bond issuances. General fund expenditures increased $384,823 primarily due to the increase in fees paid to EDC for administrative services.

The Authority's ending capital projects fund balance increased $136,134 in 2026 compared to 2025 due primarily to increased receipts of tax increment financing.

Capital Assets and Debt Administration

The table below describes the capital and real estate assets for the Authority. Additional information regarding capital assets can be found in *Note 6*.

	2026	2025
Land	$ 1,900,000	$ 1,900,000
Other capital assets	935,341	1,033,798
	$ 2,835,341	$ 2,933,798

At April 30, 2026, the Authority had $57,245,000 in debt outstanding related to the Series 2018B. A principal payment of $2,700,000 was made in fiscal year 2026. No additional principal payments are due on the debt until fiscal year 2031. The Authority is only obligated for the amount of incremental taxes received attributable to the project. Additional information regarding the long-term debt can be found in *Note 8*.

Requests for Information

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Controller of EDC, 300 Wyandotte Street, Suite 400, Kansas City, Missouri 64105. For additional information about our organization, the website address is www.edckc.com.

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Kansas City, Missouri)

STATEMENT OF NET POSITION

April 30, 2026

	Governmental Activities
Assets	
Cash	$ 718,627
Restricted cash and investments	7,676,378
Accounts receivable	101,291
Notes receivable	1,400,000
Prepaid items	762
Capital assets	
Land	1,900,000
Other capital assets, net of accumulated depreciation	935,341
Total assets	$ 12,732,399
Liabilities	
Accounts payable	$ 40,947
Unearned revenue	64,749
Accrued interest	711,896
Due to related parties	1,348,053
Due to the City of Kansas City, Missouri	1,440,760
Long-term liabilities due in more than one year	56,943,065
Total liabilities	60,549,470
Net Position (Deficit)	
Investment in capital assets	2,835,341
Restricted	6,964,482
Unrestricted	(57,616,894)
Total net position (deficit)	$ (47,817,071)

The accompanying notes are an
integral part of these financial statements.

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Kansas City, Missouri)

STATEMENT OF ACTIVITIES

Year Ended April 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental activities:			
Economic development	$ 821,890	$ 669,917	$ (151,973)
Interest and fees on long-term debt	2,924,636	--	(2,924,636)
Total governmental activities	$ 3,746,526	$ 669,917	(3,076,609)
General revenues:			
Tax increment financing			5,539,401
Interest			240,350
Total general revenues			5,779,751
Change in net position			2,703,142
Net position (deficit), beginning of year			(50,520,213)
Net position (deficit), end of year			$ (47,817,071)

The accompanying notes are an
integral part of these financial statements.

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Kansas City, Missouri)

BALANCE SHEET - GOVERNMENTAL FUNDS

April 30, 2026

	General Fund	Capital Projects	Total Governmental Funds
Assets			
Cash	$ 718,627	$ --	$ 718,627
Restricted cash and investments	--	7,676,378	7,676,378
Accounts receivable	101,291	--	101,291
Notes receivable	1,400,000	--	1,400,000
Prepaid items	762	--	762
Total assets	$ 2,220,680	$ 7,676,378	$ 9,897,058
Liabilities			
Accounts payable	$ 40,947	$ --	$ 40,947
Unearned revenue	64,749	--	64,749
Due to related parties	1,348,053	--	1,348,053
Due to the City of Kansas City, Missouri	1,440,760	--	1,440,760
Total liabilities	2,894,509	--	2,894,509
Fund balances			
Nonspendable	762	--	762
Restricted for economic development	--	7,676,378	7,676,378
Unassigned	(674,591)	--	(674,591)
Total fund balances	(673,829)	7,676,378	7,002,549
Total liabilities and fund balances	$ 2,220,680	$ 7,676,378	$ 9,897,058

Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Fund balances of governmental funds	$ 7,002,549
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	
Capital assets - land	1,900,000
Other capital assets, net of accumulated depreciation	935,341
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds	
Accrued interest	(711,896)
Long-term debt	(57,245,000)
Unamortized discount on bond issuance	301,935
Net position of governmental activities	$ (47,817,071)

The accompanying notes are an integral part of these financial statements.

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Kansas City, Missouri)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS

Year Ended April 30, 2026

	General Fund	Capital Projects	Total Governmental Funds
Revenues			
Reimbursements from developers	$ 296,145	$ --	$ 296,145
Intergovernmental revenue	--	5,539,401	5,539,401
Fees	350,230	--	350,230
Parking garage income:			
Authority	23,542	--	23,542
City	204,326	--	204,326
Interest	2,302	238,048	240,350
Total revenues	876,545	5,777,449	6,653,994
Less:			
Parking garage income returned to the City of Kansas City, Missouri	(204,326)	--	(204,326)
Total net revenues	672,219	5,777,449	6,449,668
Expenditures			
Current:			
Professional services	218,452	--	218,452
Administrative fees paid to related party	497,343	--	497,343
Miscellaneous	7,736	--	7,736
Debt service:			
Principal retirements	--	2,702,500	2,702,500
Interest and bond issuance costs	--	2,938,815	2,938,815
Total expenditures	723,531	5,641,315	6,364,846
Net change in fund balance	(51,312)	136,134	84,822
Fund balance, beginning of year	(622,517)	7,540,244	6,917,727
Fund balance, end of year	$ (673,829)	$ 7,676,378	$ 7,002,549

The accompanying notes are an
integral part of these financial statements.

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Kansas City, Missouri)

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

Year Ended April 30, 2026

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	$	84,822
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. Capital and real estate assets related reconciling items include the following:		
Depreciation		(98,457)
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increase long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal payments		2,700,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is an expenditure reported when due		29,534
The amortization of bond discounts affects long-term liabilities on the statement of net position, but does not provide or use current financial resources to governmental funds.		(12,757)
Net position of governmental activities	$	2,703,142

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Reporting Entity

The Land Clearance for Redevelopment Authority (Authority), was established, pursuant to a 1951 State of Missouri law (Land Clearance for Redevelopment law), as a public body, corporate and politic, and was approved by ordinance of the City Council of Kansas City, Missouri (City) in 1952 to exercise its powers, functions and duties in the City. The Authority is governed by a five-member Board of Commissioners appointed by the Mayor of the City (Mayor). The Authority has the responsibility for the elimination of blight within the city limits of the City, by acquiring and preparing land for redevelopment.

The Authority is a component unit of the City as defined by Statement No. 61 of the Governmental Accounting Standards Board, the Financial Reporting Entity. The City approves certain project budgets of the Authority, and the Mayor appoints Authority Commissioners. The Authority did not have any component units at April 30, 2026.

Basis of Presentation

Government-wide Financial Statements - The government-wide statement of net position and statement of activities report the overall financial activity of the Authority. These statements include the governmental activities of the Authority. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the government-wide activities of the Authority and for each function of the Authority's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The fund statements provide information about the Authority's funds. The emphasis on fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Each fund of the Authority is considered a major fund and is presented in a separate column.

General Fund - The general fund is the main operating fund of the Authority and accounts for all financial transactions. The general operating expenditures, fixed charges and capital improvement costs are financed through revenues received by the general fund.

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major assets that will be held for redevelopment and other expenditures associated with redevelopment projects.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. On an accrual basis, revenue from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The Authority is exposed to various risks and losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a result, the Authority purchased commercial insurance to address its exposure to these risks. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

Net Position (Deficit)

Net position (deficit) of the Authority is classified in three components: investment in capital assets; restricted net position; and unrestricted net position. Investment in capital assets consists of capital assets net of accumulated depreciation. Restricted net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Authority. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted. The Authority first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The fund balances for the Authority's funds are displayed in five components:

Nonspendable - Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed - Committed fund balances may be used only for the specific purposes determined by resolution of the Board of Commissioners. Commitments may be changed or lifted only by issuance of a resolution by the Board of Commissioners.

Assigned - Assigned fund balances are intended to be used by the Authority for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

The Authority considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Authority applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Government Grants

Support funded by grants is recognized as the Authority performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Capital Assets

Capital assets are recorded at cost at the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Authority capitalizes all items with a cost exceeding $1,000 and a useful life of greater than one year.

The following estimated useful lives are being used by the Authority:

Buildings and improvements	40 years

Budgetary Accounting

The Authority is not required to legally adopt a budget. Internal controls over spending in specific funds, not subject to legal budgets, are maintained by the use of internal spending limits set by management.

2. CONVENTION CENTER HOTEL FINANCING

In fiscal year 2018, the Authority entered into a series of transactions designed to assist KC Hotel Property Owner, LLC (Developer) in the financing of the convention center hotel to be constructed in downtown Kansas City, Missouri. Two series of bonds were issued, Series 2018A and 2018B, in amounts of $60,405,000 and $63,400,000, respectively. The Authority also entered into a separate building loan agreement that allows for borrowings up to a maximum of $110,000,000. A community improvement district (CID) and tax increment financing (TIF) district were both established surrounding the area to be developed.

The proceeds of the Series 2018A bonds were immediately loaned to the Developer. The CID is to levy a special assessment on the property within the district. The special assessment will be in an amount sufficient to pay the debt service on the Series 2018A bonds. The Authority, as the legal owner of the convention center hotel, is technically responsible for making the special assessment payments. Under the terms of the loan agreement, the Developer is to make loan payments to the Authority in an amount sufficient to fund the special assessments due to the CID. A separate assignment agreement was executed, resulting in the Developer making the special assessment payments directly to the trustee of the Series 2018A bonds. The Authority has no obligation beyond the initial lease or loan. As a result, the Series 2018A bonds are conduit debt of the Authority and not reflected within the financial records of the Authority. At April 30, 2026, the outstanding balance of the Series 2018A bonds was $59,940,000.

The Series 2018B bonds are secured by future economic activity taxes to be generated within the TIF district. As the economic activity taxes are generated within the TIF district, these amounts will be collected and remitted to the trustee of the Series 2018B bonds for debt service. There is no guarantee that the future economic activity taxes will be sufficient to fund the debt service. There is no other formal security related to the future debt service for the Series 2018B bonds issuance. Due to the lack of any external repayment guarantee, the Authority has recorded the Series 2018B bonds as its liability, as well as all of the activity subsequent to issuance. See *Note 8* for further disclosure related to the Series 2018B bonds.

The Authority's building loan agreement provides for borrowing up to a maximum of $110,000,000 for the construction of the convention center hotel. Concurrently, the Authority entered into a lease agreement with the Developer related to the property to be constructed.

The lease payments are to be an amount sufficient to pay the principal and interest and all other amounts due and payable under the construction loan agreement. An assignment agreement was executed that redirected the lease payments directly to the creditor. The Authority has no obligation beyond the initial lease or loan. As a result, the building loan is conduit debt of the Authority and not reflected within the financial records of the Authority.

3. DEPOSITS AND INVESTMENTS

Restricted cash and investments consist of amounts held in trust.

Deposits - Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of state law.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Collateral is required by state law for demand deposits. The fair value of the collateral must equal 100% of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are governed by state law and include U.S. government and government agency bonds and securities; general obligation bonds of any of the 50 states; general obligation bonds of any Missouri county, certain cities and special districts; and revenue bonds of certain Missouri agencies.

At April 30, 2026, none of the Authority's bank balances were exposed to custodial credit risk.

Investments - The Authority's investment policy allows investments in accordance with the State of Missouri guidelines.

Recurring Fair Value Measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

As of April 30, 2026, the Authority only had investments in money market mutual funds which are not subject of fair value measurements.

Interest Rate Risk - Interest rate risk is the risk that the fair value of the Authority's investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the final maturity on any security owned to a maximum of five years. As of April 30, 2026, the Authority had the following investments and maturities:

		Maturities in Years		
Type	Fair Value	Less than 1	1 - 5	6 - 10
Money market mutual funds	$ 7,676,378	$ 7,676,378	$ --	$ --
	$ 7,676,378	$ 7,676,378	$ --	$ --

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk - Credit risk is the risk that the Authority will not recover its investment due to the ability of the counterparty to fulfill its obligation. The Authority's formal investment policy does not address credit risk. At April 30, 2026, the Authority's investments were only in money market mutual funds.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party (i.e., the Authority's safekeeping institution).

The Authority's investment policy requires that all funds on deposit with any financial institution be secured with collateral securities in an amount equal to at least 102% of the deposit less any amount insured by the Federal Deposit Insurance Corporation (FDIC), or any other governmental agency performing a similar function. As of April 30, 2026, all deposits were adequately and fully collateralized.

The Authority's investment policy requires that all investment securities be held in the Authority's name in the Authority's safekeeping account at its safekeeping institution, thereby mitigating custodial credit risk. As of April 30, 2026, all investment securities were in the Authority's name in the Authority's safekeeping accounts at its safekeeping institution.

Concentration of Credit Risk - As of April 30, 2026, the Authority only has investments in money market mutual funds.

4. RELATED PARTY TRANSACTIONS

The Authority pays the Economic Development Corporation of Kansas City, Missouri (EDC) for office space and certain other administrative services when excess funds are available. For the year ended April 30, 2026, the Authority incurred expenses of $497,343 for these services. At April 30, 2026, the Authority owed $1,348,053 to the EDC for administrative services.

At April 30, 2026, the Authority owed the City $1,400,000 related to the lease property described in Note 5 and $40,760 related to the City's portion of parking garage revenues.

5. NOTES RECEIVABLE

In accordance with a loan agreement dated February 21, 1991, the Authority loaned Longfellow Heights Apartments, L.P. (Longfellow) $1,400,000. The loan matures January 31, 2031, along with all unpaid interest. If, during the year, Longfellow has available net cash flow above a certain level defined in the loan agreement, they will be required to pay interest on the loan for that year at 7%. If Longfellow does not meet the available net cash flow criteria, the loan bears no interest. During the fiscal year ended April 30, 2026, no amounts were received and remitted to the City. Accordingly, the financial statements reflect a note receivable and an amount due to the City of

5. NOTES RECEIVABLE (CONTINUED)

$1,400,000. As the loan is repaid to the Authority, such funds will be remitted to the City and the receivable balance therefore is offset by $1,400,000 in the Due to the City of Kansas City, Missouri line item in the financial statements.

6. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Governmental Activities			
	April 30, 2025	Additions	Deductions	April 30, 2026
Nondepreciable capital assets				
Land	$ 1,900,000	$ --	$ --	$ 1,900,000
Depreciable capital assets				
Building and improvements	3,938,283	--	--	3,938,283
Less accumulated depreciation	(2,904,485)	(98,457)	--	(3,002,942)
Total depreciable capital assets, net	1,033,798	(98,457)	--	935,341
Total governmental activities capital assets, net	$ 2,933,798	$ (98,457)	$ --	$ 2,835,341

7. OPERATING AGREEMENT

The Authority entered into an operating agreement for the Block 74 property with the Wyandotte Garage Corporation in accordance with a 99-year operating term, which commenced on December 1, 1985 and terminates on November 30, 2084. Parking garage income is equal to 15% of gross receipts as defined in the agreement. The Authority received $227,868 of income during the fiscal year ended April 30, 2026 of which $204,326 was remitted to the City.

8. LONG-TERM DEBT

The following is a summary of the changes in long-term obligations for the year ended April 30, 2026:

	April 30, 2025	Additions	Retirements	April 30, 2026	Amount Due in One Year
Convention Center Hotel Project Series 2018B, interest ranging from 4.375% to 5%, payable through February 2050	$ 59,945,000	$ --	$ (2,700,000)	$ 57,245,000	$ --
Less discount	314,692		(12,757)	301,935	--
Total long-term obligations	$ 59,630,308	$ --	$ (2,712,757)	$ 56,943,065	$ --

On January 9, 2018, the Authority issued $63,400,000 of revenue bonds related to the convention center hotel project. The bonds are special, limited obligations of the Authority payable solely from and secured as to the payments of principal and interest by a pledge of economic activity taxes. The bonds mature through February 1, 2050 in the amounts ranging from $5,045,000 to $32,900,000 at interest rates ranging from 4.375% to 5%. If an Event of Default has occurred and is continuing, the Trustee shall not, whether in the exercise of its own discretion or upon the request of the Owners of the Series 2018B bonds then outstanding, declare the principal of all Series 2018B Bonds then outstanding and the interest accrued thereon immediately due and payable. The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Series 2018B bonds outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest.

Aggregate annual maturities of long-term debt at April 30, 2026 are:

Fiscal Year	Principal	Interest
2027	$ --	$ 2,847,594
2028	--	2,847,594
2029	--	2,847,594
2030	--	2,847,594
2031	2,345,000	2,847,594
2032-2036	--	13,725,000
2037-2041	22,000,000	12,625,000
2042-2046	--	8,225,000
2047-2051	32,900,000	6,580,000
	$ 57,245,000	$ 55,392,970

9. CONDUIT DEBT

The Authority also issues industrial revenue bonds to provide tax-exempt financing for qualified projects or serves as a conduit agent for redevelopment financing arrangements. However, all principal and interest on such bonds or financing arrangements are payable by the developers or property owners. The Authority has no obligation beyond the initial lease or loan, which has been assigned to various financial or banking entities. Conduit debt outstanding under these arrangements at April 30, 2026 is as follows:

Series 2018A Convention Center Hotel	$ 59,940,000
Hyatt House Hotel Project	37,932,535
Palestine Garden Project	5,132,045
	$ 103,004,580

AGH CPAs & ADVISORS

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*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Land Clearance for Redevelopment Authority
Kansas City, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of the Land Clearance for Redevelopment Authority (Authority), a component unit of the City of Kansas City, Missouri, as of and for the year ended April 30, 2026, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 30, 2026.

Report on 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Overland Park, KS
October 30, 2026