

**AUDITED
FINANCIAL STATEMENTS**

**BUFFALO AND ERIE COUNTY REGIONAL
DEVELOPMENT CORPORATION**

DECEMBER 31, 2020

*****THIS PAGE INTENTIONALLY LEFT BLANK*****

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
CONTENTS

Page

FINANCIAL SECTION

Independent Auditor's Report 1-2

Management's Discussion and Analysis 3-6

Financial Statements

Statements of Net Position 7

Statements of Revenues, Expenses, and Changes in Net Position 8

Statements of Cash Flows 9

Notes to Financial Statements 10-14

Supplementary Information

Combining Statement of Net Position 15

Combining Statement of Revenues, Expenses and Changes in Net Position 16

Schedule of Expenditures of Federal Awards 17

Notes to the Schedule of Expenditures of Federal Awards 18-19

INTERNAL CONTROL AND COMPLIANCE

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* 20-21

Independent Auditor's Report on Compliance for each Major Federal Program
and Report on Internal Control Over Compliance Required by the Uniform Guidance 22-23

Schedule of Findings and Questioned Costs 24

Schedule of Prior Year Findings and Questioned Costs 25

*****THIS PAGE INTENTIONALLY LEFT BLANK*****

FINANCIAL SECTION

*****THIS PAGE INTENTIONALLY LEFT BLANK*****



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Buffalo and Erie County Regional Development Corporation
Buffalo, New York 14203

Report on the Financial Statements

We have audited the accompanying financial statements of the Buffalo and Erie County Regional Development Corporation (RDC), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements which collectively comprise the RDC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the RDC, as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining fund financial statements and 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. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The combining fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the schedule of expenditures of federal awards are 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 March 24, 2021 on our consideration of the RDC'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 RDC'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 RDC's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Buffalo, New York
March 24, 2021

BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

Management's Discussion and Analysis

**December 31, 2020
(UNAUDITED)**

Buffalo & Erie County Regional Development Corporation (RDC) was incorporated for the purpose of encouraging the expansion of existing companies in target areas of Erie County (the County) by establishing a revolving loan fund (RLF). The U.S. Department of Commerce Economic Development Administration (EDA) is the oversight body of the RDC's RLFs. A Loan Administration Plan (LAP) that outlines the RDC's lending processes and goals is approved by EDA every five years.

As special-purpose government engaged in business-type activities, RDC is required to comply with accounting standards issued by the Governmental Accounting Standards Board (GASB). Under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, RDC is required to present management's discussion and analysis (MD&A) to assist readers in understanding RDC's financial performance.

In compliance with GASB Statement No. 34, we present the attached overview and analysis of the financial activities of RDC as of and for the years ended December 31, 2020, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with RDC's audited financial statements.

In 2020 the RDC was impacted by the COVID-19 pandemic and state of emergency declaration in New York State. RDC was afforded certain flexibilities by the EDA, which allowed RDC to work with borrowers to defer loan payments, if needed. Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, EDA awarded \$5 million to ECIDA to capitalize a new RLF, which ECIDA sub-granted to RDC to administer.

Basic Overview of the Financial Statements

Included in this report are the following financial statements:

- 1) Statements of Net Position – The statements of net position show the reader what RDC owns (assets and deferred outflows of resources) and what RDC owes (liabilities and deferred inflows of resources). The difference between RDC's assets, deferred outflows of resources, liabilities, and deferred inflows of resources (net position) can be one way to measure RDC's financial position. Over time, increases or decreases in RDC's net position are an indicator of whether its financial health is improving or deteriorating.
- 2) Statements of Revenues, Expenses, and Changes in Net Position – This statement reports RDC's operating and nonoperating revenues by major source along with operating and nonoperating expenses. The difference between total revenues and expenses can be one way to measure RDC's operating results for the year.
- 3) Statements of Cash Flows – This statement reports RDC's cash flows from operating, capital and related financing, and investing activities.

Financial Highlights

- RDC's total net position decreased slightly from \$17,043,000 in 2019 to \$17,015,000 in 2020.
- RDC experienced a decrease in net position of \$27,000 in 2020 compared to a decrease of \$1,280,000 in 2019.
- Operating revenues decreased 22% from \$500,000 in 2019 to \$388,000 in 2020.
- Operating expenses decreased 70% from \$1,818,000 in 2019 to \$541,000 in 2020.

Condensed Comparative Financial Statements:

1. Statements of Net Position:

The following table (Table 1) presents condensed comparative financial information and was derived from the audited statements of net position of RDC.

Table 1
Statements of Net Position at December 31, 2020, 2019 and 2018
(Amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2018</u>
Assets:					
Cash	\$ 6,543	\$ 7,650	\$ (1,107)	-14%	\$ 5,963
Accounts receivable	11	-	11	100%	-
Loans receivable, net	10,758	9,720	1,038	11%	12,714
Total assets	<u>\$ 17,312</u>	<u>\$ 17,370</u>	<u>\$ (58)</u>	<u>0%</u>	<u>\$ 18,677</u>
Liabilities:					
Accounts payable	\$ 3	\$ 24	\$ (21)	-88%	\$ -
Due to affiliate	294	303	(9)	-3%	354
Total liabilities	<u>297</u>	<u>327</u>	<u>(30)</u>	<u>-9%</u>	<u>354</u>
Net position:					
Restricted	<u>17,015</u>	<u>17,043</u>	<u>(28)</u>	<u>0%</u>	<u>18,323</u>
Total net position	<u>17,015</u>	<u>17,043</u>	<u>(28)</u>	<u>0%</u>	<u>18,323</u>
Total liabilities and net position	<u>\$ 17,312</u>	<u>\$ 17,370</u>	<u>\$ (58)</u>	<u>0%</u>	<u>\$ 18,677</u>

Cash – RDC’s cash balance decreased 14% or \$1,107,000 primarily due to an increase in loans disbursed during 2020. The cash increase from \$5,963,000 in 2018 to \$7,650,000 in 2019 was a result of loan payoffs.

Loans Receivable, net – Loans receivable relate to the RLFs operated by RDC, net of an allowance. Loans receivable increased \$1,038,000, or 11% from 2019 to 2020, due to loans closed during 2020. The decrease in loans receivable from \$12,714,000 in 2018 to \$9,720,000 in 2019 was a result of loan payoffs and loan write-offs.

Due to Affiliate – Due to affiliate reflects the amount due to ECIDA under a shared services agreement for personnel and overhead at the end of the year. The \$9,000 decrease in due to affiliate from 2019 to 2020 reflects the change in hours charged to RDC by ECIDA employees. The decrease in amounts due to affiliate from \$354,000 in 2018 to \$327,000 in 2019 related mainly to staffing changes during 2019.

2. Change in Net Position:

The following table (Table 2) presents condensed, comparative financial information and was derived from RDC's audited statements of revenues, expenses, and changes in net position.

Table 2
Change in Net Position for the Years ended December 31, 2020, 2019 and 2018
(Amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2018</u>
Operating revenue:					
Interest from loans	\$ 375	\$ 491	\$ (116)	-24%	\$ 450
Loan commitment fees	13	9	4	44%	26
Total revenue	<u>\$ 388</u>	<u>\$ 500</u>	<u>\$ (112)</u>	<u>-22%</u>	<u>\$ 476</u>
Operating expenses:					
General and administrative	\$ 450	\$ 377	\$ 73	19%	\$ 389
Loan loss expense, net recoveries	91	1,441	(1,350)	-94%	38
Total expenses	<u>541</u>	<u>1,818</u>	<u>(1,277)</u>	<u>-70%</u>	<u>427</u>
Operating income (loss)	(153)	(1,318)	1,165	-88%	49
Nonoperating revenue					
Interest income	15	38	(23)	-61%	28
Grant contributions	111	-	111	100%	-
Change in net position	<u>\$ (27)</u>	<u>\$ (1,280)</u>	<u>\$ 1,253</u>	<u>-98%</u>	<u>\$ 77</u>

3. Revenue Analysis:

Interest from Loans – Interest on loans is collected from borrowers in accordance with the terms of each promissory note. RDC loans bear interest at rates ranging from 1% to 6.5%, in accordance with the Loan Administration Plan provisions in effect at the time the loan is approved. Interest income from loans decreased \$116,000, or 24%, from 2019 to 2020 as a result of fewer outstanding loans and the COVID-19 pandemic. Many borrowers had a period of interest deferral during 2020. Interest increased from \$450,000 in 2018 to \$491,000 in 2019 due to a greater number of loans outstanding in 2019 coupled with higher interest rates.

Loan Commitment Fees – Loan commitment fees are generally charged on loans greater than \$100,000. Commitment fees vary from year to year depending on the dollar amounts of individual loans. In 2020 there were relaxations afforded to commitment fees as a result of the COVID-19 pandemic.

4. Expense Analysis:

General and Administrative – In 2020, general and administrative expenses increased \$73,000 from \$377,000 to \$450,000. The increase in general and administrative expenses is attributable mainly to legal expenses. Legal expenses increased \$77,000 due to higher costs associated with four delinquent loans. The four delinquent loans were written off at December 31, 2020.

Loan Loss Expense, net Recoveries – Loan loss expense, net recoveries consists of the dollar amount of loan loss expense in a year, plus any loan recoveries during that same year of previously written off loans. In 2020, loan loss expense was \$112,000, net of \$21,000 of loan recoveries. This was a decrease from 2019, when loan loss expense was \$1,446,000, net of \$5,000 of loan recoveries. There were four loans fully reserved at December 31, 2019, which were then written off in 2020.

Grant Contributions – Grant contributions relate directly to amounts sub-granted from ECIDA under the CARES Act RLF. The RLF was established in 2020 and there was \$111,000 granted in 2020 related to two loans and administrative costs.

5. Budget Analysis:

RDC prepares an annual budget which was presented and approved by the Board of Directors on October 23, 2019. The following table (Table 3) presents an analysis of RDC's performance compared to the approved 2020 budget.

Table 3
Budget to Actual Analysis for the year ended December 31, 2020
(Amounts in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating revenue:				
Interest from loans	\$ 375	\$ 470	\$ (95)	-20%
Loan commitment fees	13	10	3	30%
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	388	480	(92)	-19%
	<hr/>	<hr/>	<hr/>	<hr/>
Operating expenses:				
General and administrative	450	400	50	13%
Loan loss expense, net recoveries	91	185	(94)	-51%
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	541	585	(44)	-8%
	<hr/>	<hr/>	<hr/>	<hr/>
Operating income (loss)	(153)	(105)	(48)	46%
	<hr/>	<hr/>	<hr/>	<hr/>
Interest income	15	17	(2)	-12%
Grant contributions	111	-	111	100%
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net position	\$ (27)	\$ (88)	\$ 61	-69%

Budget to Actual Analysis:

Overall, RDC exceeded its budgeted decrease in net position for 2020 by \$61,000. Total operating revenue was \$92,000, or 19%, below the budgeted amount due to lower interest income from loans in 2020. This is a direct result of interest deferrals granted in response to the COVID-19 pandemic. Total expenses were \$44,000, or 8%, below budget. The 2020 grant contributions were not part of the 2020 approved budget, as there was no knowledge of a new RLF at the time the budget was approved.

6. Economic Factors Impacting RDC:

RDC relies upon loan interest income to generate revenue for continued operations. As a result of current uncertain economic conditions and borrowers' ability to repay, RDC's ability to generate the income necessary to support operations may be limited in the future.

7. Requests for Information:

This financial report is designed to provide a general overview of RDC's finances. Questions concerning any of the financial information provided in this report should be addressed to the CFO of RDC at (716) 856-6525. General information relating to RDC can be found on ECIDA's website, www.ecidany.com.

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
STATEMENTS OF NET POSITION
DECEMBER 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash	\$ 6,542,915	\$ 7,650,215
Accounts receivable	11,015	-
Loans receivable	<u>1,078,654</u>	<u>1,441,199</u>
Total current assets	<u>7,632,584</u>	<u>9,091,414</u>
Noncurrent assets:		
Loans receivable, net	<u>9,679,043</u>	<u>8,278,392</u>
Total assets	<u>\$ 17,311,627</u>	<u>\$ 17,369,806</u>
LIABILITIES		
Accounts payable	\$ 2,659	\$ 23,723
Due to affiliate	<u>293,638</u>	<u>303,021</u>
Total liabilities	<u>296,297</u>	<u>326,744</u>
NET POSITION		
Restricted	<u>17,015,330</u>	<u>17,043,062</u>
Total net position	<u>17,015,330</u>	<u>17,043,062</u>
Total liabilities and net position	<u>\$ 17,311,627</u>	<u>\$ 17,369,806</u>

See accompanying notes.

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Interest from loans	\$ 374,671	\$ 490,376
Loan commitment fees	13,000	9,190
Total operating revenues	<u>387,671</u>	<u>499,566</u>
OPERATING EXPENSES		
General and administrative	450,214	376,636
Loan loss expense, net recoveries	91,217	1,440,676
Total operating expenses	<u>541,431</u>	<u>1,817,312</u>
Operating loss	(153,760)	(1,317,746)
NONOPERATING REVENUES		
Interest income	15,013	38,110
Grant contributions	111,015	-
Total nonoperating revenues	<u>126,028</u>	<u>38,110</u>
Change in net position	(27,732)	(1,279,636)
Net position - beginning of year	<u>17,043,062</u>	<u>18,322,698</u>
Net position - end of year	<u>\$ 17,015,330</u>	<u>\$ 17,043,062</u>

See accompanying notes.

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments collected on loans receivable	\$ 2,530,186	\$ 4,890,136
Loan interest and fees	387,671	499,566
Loans awarded	(3,680,070)	(3,342,600)
Payments to vendors and affiliates	(480,661)	(403,734)
Loan loss recoveries	20,561	5,477
Net cash provided (used) by operating activities	<u>(1,222,313)</u>	<u>1,648,845</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>15,013</u>	38,110
Net cash provided by investing activities	<u>15,013</u>	<u>38,110</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
CARES Act subgrant	<u>100,000</u>	-
Net cash provided by financing activities	<u>100,000</u>	<u>-</u>
Net increase (decrease) in cash	(1,107,300)	1,686,955
Cash - beginning of year	<u>7,650,215</u>	<u>5,963,260</u>
Cash - end of year	<u>\$ 6,542,915</u>	<u>\$ 7,650,215</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$ (153,760)	\$ (1,317,746)
Adjustment to reconcile operating loss to net cash provided (used) by operating activities:		
Provision for loan loss	111,778	1,446,153
(Increase) decrease in loans receivable	(1,149,884)	1,547,536
Increase (decrease) in accounts payable	(21,064)	23,408
Increase (decrease) in due to affiliate	<u>(9,383)</u>	<u>(50,506)</u>
Net cash provided (used) by operating activities	<u>\$ (1,222,313)</u>	<u>\$ 1,648,845</u>

See accompanying notes.

*****THIS PAGE INTENTIONALLY LEFT BLANK*****

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Buffalo and Erie County Regional Development Corporation (RDC) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The RDC's significant accounting policies are described below.

A. REPORTING ENTITY

Buffalo and Erie County Regional Development Corporation (RDC) was incorporated for the purpose of encouraging the expansion of existing companies in target areas of the County of Erie (the County) by establishing an Industrial Revolving Loan Fund from which RDC makes loans to individual companies. RDC manages a revolving loan program maintained under an established loan administration plan approved by the grantor governing the management of the revolving loan program.

RDC has related party relationships with the Erie County Industrial Development Agency (ECIDA) and Buffalo and Erie County Industrial Land Development Corporation (ILDC). All three entities are managed by the same personnel and the RDC currently shares a common board with ECIDA. These entities share the same mission, which is to provide the resources that encourage investment innovation, and international trade creating a successful business climate that improves the quality of life for the residents of the region.

In accordance with accounting standards, the RDC is not considered a component unit of another entity.

B. BASIS OF PRESENTATION

Revenues from administrative fees and interest on loans are reported as operating revenues. All expenses related to operating the RDC are reported as operating expenses. Certain other transactions are reported as nonoperating activities including the RDC's grant income and interest income from deposits.

When both restricted and unrestricted resources are available for use, it is the RDC's policy to use restricted resources first, then unrestricted resources as they are needed.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

RDC is considered a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The financial statements of the RDC are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred; regardless of when the cash transaction takes place.

Nonexchange transactions, in which the RDC gives or receives value without directly receiving or giving equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

D. INCOME TAXES

RDC is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and the income realized will not be subject to New York State corporate franchise tax.

E. LOANS RECEIVABLE

Loans receivable are stated at the principal amount outstanding, net of a provision for loan loss. The allowance method is used to compute the provision for loan loss.

Determination of the balance of the provision for loan loss is based on an analysis of the loan portfolio and reflects an amount that, in management's judgment, is adequate to provide for potential loan losses. Loans are written off when, in management's judgment, no legal recourse is available to collect the amount owed.

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

Interest on loans receivable is accrued as required by the terms of the agreement. Management considers that collection is probable based on the current economic condition of the borrower. Accrual of interest ceases when management adjusts a loan reserve to 50% or more of the loan's outstanding balance. RDC is not accruing interest on any loans as of December 31, 2020 or 2019.

F. INSURANCE

RDC is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks has not yet exceeded commercial insurance coverage.

G. STOCK WARRANTS

In connection with certain loans, RDC has received, at no cost, stock purchase warrants from the borrowers. The borrower is sometimes given the right to repurchase these warrants from RDC at a predetermined price. RDC also receives rights to convert certain loans to equity of the borrower.

H. NET POSITION

Equity is classified as net position and displayed in two components:

- a. Restricted – Consists of net positions with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted – all other net positions that do not meet the definition of “restricted.”

I. STATEMENTS OF CASH FLOWS

For the purposes of the statements of cash flows, the RDC considers all cash to be unrestricted including demand accounts and certificates of deposit with an original maturity of generally three months or less.

J. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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. This affects the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

K. ACCOUNTING PRONOUNCEMENTS

On May 8, 2020, the GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* in response to the COVID-19 pandemic. The effective dates of GASB Statements not yet implemented by the RDC have been updated below to reflect the impact of this Statement. There were no new GASB Statements implemented by the RDC for the year ended December 31, 2020.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the RDC, for their potential impact in future years.

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2022.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2021.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2022.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2022.

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending December 31, 2021, except for paragraph 11b, which will be effective for the year ending December 31, 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending December 31, 2022.

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. ASSETS

1. CASH AND INVESTMENTS

RDC's investment policies are governed by State statutes. In addition, RDC has its own written investment policy. RDC monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. RDC's Chief Financial Officer is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of the State of New York and its localities.

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

As of December 31, 2020 and 2019, the RDC's aggregate bank deposits were considered fully collateralized.

Investment and Deposit Policy

RDC follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Chief Financial Officer of the Buffalo and Erie County Regional Development Corporation.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. RDC's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

RDC's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. RDC's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with RDC’s investment and deposit policy, all deposits of RDC including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. RDC restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

2. LOANS RECEIVABLE

The revolving loan program was originally established through multiple grants received between 1979 and 1983 from the U.S. Economic Development Administration (EDA) amounting to \$7,000,000. Matching funds totaling \$5,250,500 were also received from various sources.

In August of 2020, the ECIDA entered into a financial assistance award agreement with the U.S. Economic Development Administration (EDA) amounting to \$5,000,000 to fund a new revolving loan fund to help the region due to the COVID-19 pandemic. RDC is a subrecipient of this grant award and will administer the revolving loan fund. As of December 31, 2020, \$100,000 was received and issued as loans.

RDC provides low-interest loans to businesses located in Erie County in order to encourage economic development. Loans receivable consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Total loans receivable	\$ 10,939,109	\$ 11,615,554
Less: provision for loan loss	<u>181,412</u>	<u>1,895,963</u>
Loans receivable, net	10,757,697	9,719,591
Less: current portion	<u>1,078,654</u>	<u>1,441,199</u>
Loans receivable - long-term	<u><u>\$ 9,679,043</u></u>	<u><u>\$ 8,278,392</u></u>

The RDC’s policy is to present loans receivable net of a provision for loan loss. At December 31, 2020 and 2019, the allowance for uncollectible loans was \$181,412 and \$1,895,963, respectively.

At December 31, 2020, the loans awarded to local businesses bear interest at rates ranging from 1% to 6.5% with varying payment terms. All loans are classified as commercial.

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

Scheduled maturities of principal for these notes for the next five years and thereafter are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,028,349	\$ 361,613
2022	1,052,583	319,934
2023	1,065,735	269,673
2024	847,387	225,994
2025	776,322	190,864
Thereafter	<u>5,837,807</u>	<u>259,893</u>
Total	\$ <u>10,608,183</u>	\$ <u>1,627,971</u>

This schedule does not include the variable interest rate loans that are administered by various financial institutions. The total outstanding balance of those loans is \$149,514 at December 31, 2020 with a current portion in the amount of \$50,305.

B. EXPENSES

ECIDA allocates a portion of its personnel and overhead costs to the RDC based on a cost allocation plan. Costs allocated by ECIDA amounted to \$292,106 and \$302,332 for the years ended December 31, 2020 and 2019, respectively. Amounts owed to ECIDA at December 31, 2020 and 2019 totaled \$293,638 and \$303,021, respectively.

NOTE 3. CONTINGENCIES

Economic Development Administration Revolving Loan Fund Risk Analysis System

RDC is required to comply with EDA regulations regarding the utilization of revolving loan funds. These regulations are based on measures applied by the EDA's risk analysis system. This RDC received a risk rating of Level B based on information submitted to the EDA for the year ending December 31, 2019. This risk analysis will be updated on an annual basis determined by reports submitted by the RDC to the EDA within 90 days following the RDC year end.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. Management has discussed the RDC's operations and the impact of this event. They have determined that the RDC's loan portfolio could be impacted but they believe the allowance for loan loss is sufficient to cover any potential loan losses. RDC will work with borrowers under the guidance of EDA and the RDC's Loan Administration Plan on a case by case basis.

NOTE 4. SUBSEQUENT EVENT

Management has evaluated subsequent events through March 24, 2021, which is the date the financial statements are available for issuance and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

*****THIS PAGE INTENTIONALLY LEFT BLANK*****

SUPPLEMENTARY INFORMATION

*****THIS PAGE INTENTIONALLY LEFT BLANK*****

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
 COMBINING STATEMENT OF NET POSITION
 DECEMBER 31, 2020**

	<u>EDA Account</u>	<u>CARES Act Account</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash	\$ 6,542,685	\$ 230	\$ 6,542,915
Accounts receivable	-	11,015	11,015
Due from other funds	-	803	803
Loans receivable	1,078,654	-	1,078,654
Total current assets	<u>7,621,339</u>	<u>12,048</u>	<u>7,633,387</u>
Noncurrent assets:			
Loans receivable, net	<u>9,579,043</u>	<u>100,000</u>	<u>9,679,043</u>
Total assets	<u>\$ 17,200,382</u>	<u>\$ 112,048</u>	<u>\$ 17,312,430</u>
LIABILITIES			
Accounts payable	\$ 2,659	\$ -	\$ 2,659
Due to other funds	803	-	803
Due to affiliate	281,590	12,048	293,638
Total liabilities	<u>285,052</u>	<u>12,048</u>	<u>297,100</u>
NET POSITION			
Restricted	<u>16,915,330</u>	<u>100,000</u>	<u>17,015,330</u>
Total net position	<u>16,915,330</u>	<u>100,000</u>	<u>17,015,330</u>
Total liabilities and net position	<u>\$ 17,200,382</u>	<u>\$ 112,048</u>	<u>\$ 17,312,430</u>

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>EDA Account</u>	<u>CARES Act Account</u>	<u>Total</u>
OPERATING REVENUES			
Interest from loans	\$ 374,671	\$ -	\$ 374,671
Loan commitment fees	13,000	-	13,000
Total operating revenues	<u>387,671</u>	<u>-</u>	<u>387,671</u>
OPERATING EXPENSES			
General and administrative	439,199	11,015	450,214
Loan loss expense, net recoveries	91,217	-	91,217
Total operating expenses	<u>530,416</u>	<u>11,015</u>	<u>541,431</u>
Operating loss	(142,745)	(11,015)	(153,760)
NONOPERATING REVENUES			
Interest income	15,013	-	15,013
Grant contributions	-	111,015	111,015
Total nonoperating revenues	<u>15,013</u>	<u>111,015</u>	<u>126,028</u>
Change in net position	(127,732)	100,000	(27,732)
Net position - beginning of year	<u>17,043,062</u>	<u>-</u>	<u>17,043,062</u>
Net position - end of year	<u>\$ 16,915,330</u>	<u>\$ 100,000</u>	<u>\$ 17,015,330</u>

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2020**

<u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Commerce				
<i>Passed through Erie County Industrial Development Agency</i>				
Economic Adjustment Assistance	11.307	Various	\$ -	\$ 14,735,491
COVID 19 - Economic Adjustment Assistance-CARES Act	11.307	01-79-15022	-	111,015
<i>Total Economic Development Cluster</i>			<u>-</u>	<u>14,846,506</u>
<i>Total U.S. Department of Commerce</i>			<u>-</u>	<u>14,846,506</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 14,846,506</u>

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Buffalo and Erie County Regional Development Corporation (RDC), under programs of the federal government for the year ended December 31, 2020. The information in this 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). Federal awards passed through from other governmental agencies are included in the schedule. Because the Schedule presents only a selected portion of the operations of the RDC, it is not intended and does not present the financial position, changes in net position, or cash flows of the RDC.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported as federal expenditures were obtained from the RDC’s financial reporting system, which is the source of the RDC’s basic financial statements.

NOTE 3 - ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM

The Economic Adjustment Assistance program, administered by the U.S. Economic Development Administration (EDA), specifically requires the amount on the Schedule to be calculated as follows:

Economic Adjustment Assistance	
EDA grants	\$ 12,466,574
Total revolving loan funds	16,622,098
Total EDA share	<u>75%</u>
Cash	\$ 6,542,685
Outstanding loans receivable, 12/31/2020	10,839,109
Administrative cost allowance	439,199
Loan write-offs	1,826,327
Sum of EDA dollars/Total project costs	<u>19,647,320</u>
Total EDA share (<i>noted above</i>)	75%
Total economic adjustment assistance	<u>\$ 14,735,491</u>

**(Continued)BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 4 - ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM – CARES ACT

The Economic Adjustment Assistance – CARES Act program, administered by the U.S. Economic Development Administration (EDA), specifically requires the amount on the Schedule to be calculated as follows:

Economic Adjustment Assistance - CARES Act

Outstanding loans receivable, 12/31/2020	\$	100,000
Administrative cost allowance		11,015
Loan write-offs		<u>-</u>
Sum of EDA dollars/Total project costs		111,015
Total EDA share		<u>100% *</u>
Total economic adjustment assistance	\$	<u><u>111,015</u></u>

* CARES Act funding is 100% federally funded. There are no applicable matching requirements.

NOTE 5- INDIRECT COST RATE

RDC has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

*****THIS PAGE INTENTIONALLY LEFT BLANK*****

INTERNAL CONTROL AND COMPLIANCE

*****THIS PAGE INTENTIONALLY LEFT BLANK*****

**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

To the Members of the
Buffalo and Erie County Regional Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Buffalo and Erie County Regional Development Corporation (RDC), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise RDC's financial statements, and have issued our report thereon dated March 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the RDC's internal control over financial reporting (internal control) as a basis for designing the 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 of the effectiveness of RDC's internal control. Accordingly, we do not express an opinion of the effectiveness of the RDC'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 RDC'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the RDC'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 determination 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 RDC'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 RDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Buffalo, New York
March 24, 2021



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

To the Members of the
Buffalo and Erie County Regional Development Corporation

Report on Compliance for Each Major Federal Program

We have audited the Buffalo and Erie County Regional Development Corporation's (RDC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the RDC's major federal programs for the year ended December 31, 2020. RDC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the RDC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the RDC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the RDC's compliance.

Opinion on Each Major Federal Program

In our opinion, the RDC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the RDC is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the RDC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the RDC's 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, or 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Freed Maxick CPAs, P.C.

Buffalo, New York
March 24, 2021

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

 Yes X No
 Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

 Yes X No
 Yes X None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes X No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program

11.307

Economic Adjustment Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes No

II. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit noted for the year ended December 31, 2020.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

There were no findings or questioned costs related to federal awards noted for the year ended December 31, 2020.

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

I. FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit noted for the year ended December 31, 2019.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

There were no findings or questioned costs related to federal awards noted for the year ended December 31, 2019.



INDEPENDENT ACCOUNTANT'S REPORT

To the Members of the Board of Directors
Buffalo and Erie County Regional Development Corporation
95 Perry Street, Suite 403
Buffalo, New York 14203

We have examined the Buffalo and Erie County Regional Development Corporation's (the RDC) compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") during the period January 1, 2020 to December 31, 2020. Management of the RDC is responsible for the RDC's compliance with the specified requirements. Our responsibility is to express an opinion on the RDC's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the RDC complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the RDC complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the RDC's compliance with specified requirements.

In our opinion, the RDC complied, in all material respects, with the Investment Guidelines during the period of January 1, 2020 to December 31, 2020.

This report is intended solely for the information and use of the Board of Directors, management and others within the RDC and the New York State Authorities Budget Office and is not intended to be and should not be used by anyone other than these specified parties.

Freed Maxick CPAs, P.C.

Buffalo, New York
March 24, 2021