

**ERIE COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2025**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Erie County Industrial Development Agency

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Erie County Industrial Development Agency (ECIDA), a business-type activity, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise ECIDA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ECIDA as of December 31, 2025 and 2024, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### *Basis For Opinion*

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ECIDA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 ECIDA's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' 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 auditors' report that includes our opinion. 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 ECIDA'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 ECIDA'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***

GAAP requires that 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise ECIDA's basic 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2026 on our consideration of ECIDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 ECIDA'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 ECIDA's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Lumsden & McCormick, LLP". The signature is written in a cursive, flowing style.

March 12, 2026

## Management's Discussion and Analysis (Unaudited)

December 31, 2025

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Erie County Industrial Development Agency (ECIDA) is a public benefit corporation that provides tax incentives, financing programs, international trade assistance, land development, and other economic development services to the City of Buffalo (the City) and Erie County, New York (the County). In accomplishing its mission, ECIDA does not receive any operational funding from Federal, State, County, or local sources. Instead, ECIDA relies primarily upon administrative fees charged to those businesses that utilize its products and services.

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

We present the attached overview and analysis of the financial activities of ECIDA as of and for the years ended December 31, 2025, 2024, and 2023. We encourage readers to consider the information presented here in conjunction with ECIDA's audited financial statements.

### Basic Overview of the Financial Statements

Included in this report are the following financial statements:

- 1) Balance Sheets - The balance sheets show the reader what ECIDA owns (assets and deferred outflows of resources) and what ECIDA owes (liabilities and deferred inflows of resources). ECIDA's assets and deferred outflows of resources less liabilities and deferred inflows of resources (net position) can be one way to measure ECIDA's financial position. Over time, increases or decreases in ECIDA'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 ECIDA'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 ECIDA's operating results for the year.
- 3) Statements of Cash Flows - This statement reports ECIDA's cash flows from operating, capital and related financing, and investing activities.

### Financial Highlights

- ECIDA's net position increased by 3% from \$20,026,000 in 2024 to \$20,654,000 in 2025.
- ECIDA experienced an increase in net position of \$628,000 in 2025 compared to a decrease of \$114,000 in 2024.
- Administrative fees, a key source of revenue for ECIDA, increased 43% from \$1,862,000 in 2024 to \$2,665,000 in 2025.
- Operating expenses increased from \$3,083,000 in 2024 to \$3,231,000 in 2025.

## Condensed Comparative Financial Statements

### Balance Sheets at December 31:

<i>in thousands</i>	2025	2024	\$ Change	% Change	2023
<b>Assets</b>					
Cash and investments	\$ 14,362	\$ 13,340	\$ 1,022	8%	\$ 13,704
Receivables and other assets	9,905	11,066	(1,161)	(10%)	11,234
Capital assets, net	1,277	1,450	(173)	(12%)	1,507
Restricted cash and investments	10,793	11,528	(735)	(6%)	9,777
<b>Total assets</b>	<b>36,337</b>	<b>37,384</b>	<b>(1,047)</b>	<b>(3%)</b>	<b>36,222</b>
<b>Liabilities</b>					
Unearned revenue and other liabilities	\$ 4,788	\$ 5,462	\$ (674)	(12%)	\$ 5,741
Funds held on behalf of others	10,513	11,287	(774)	(7%)	9,516
<b>Total liabilities</b>	<b>15,301</b>	<b>16,749</b>	<b>(1,448)</b>	<b>(9%)</b>	<b>15,257</b>
<b>Deferred inflows of resources – leases</b>	<b>382</b>	<b>609</b>	<b>(227)</b>	<b>(37%)</b>	<b>825</b>
<b>Net position</b>					
Net investment in capital assets	1,035	1,065	(30)	(3%)	985
Restricted	11,231	11,239	(8)	(0%)	11,116
Unrestricted	8,388	7,722	666	9%	8,039
<b>Total net position</b>	<b>20,654</b>	<b>20,026</b>	<b>628</b>	<b>3%</b>	<b>20,140</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 36,337</b>	<b>\$ 37,384</b>	<b>\$ (1,047)</b>	<b>(3%)</b>	<b>\$ 36,222</b>

Cash and investments consist of ECIDA's general operating funds and Urban Development Action Grant (UDAG) funds. The \$1,022,000, or 8%, increase from 2024 to 2025 is due to overall operating income and a reduction in receivables in 2025. The decrease from 2023 to 2024 was a result of an overall operating loss and increased receivables.

Receivables and other assets include grants receivable, affiliate receivables, leases receivable, prepaid expenses, and venture capital investments. The decrease of \$1,161,000, or 10%, is the result of decreases in affiliate, grant, and leases receivable. Affiliate receivables decreased \$615,000 because of repayments and grants receivable decreased \$376,000 as receipts outpaced new grants. Leases receivable decreased \$227,000, consistent with the decrease in the corresponding deferred inflows of resources. The decrease from 2023 to 2024 was the result of decreases in grants receivable and leases receivable.

Restricted cash and investments consist primarily of funds held on behalf of others including the Erie County Regional Redevelopment Fund, Buffalo Brownfields Redevelopment Fund, and PILOT Increment Financing (PIF) funds. The \$735,000 or 6% decrease from 2024 is primarily due to the use of \$2,352,000 for eligible projects and required distributions to municipalities of \$487,000 outpacing PILOT receipts of \$1,718,000 and interest of \$347,000. Restricted cash and investments also include \$280,000 for the Railway Trust Fund, which increased \$39,000 from 2024. The \$1,751,000, or 18%, increase in 2024 over 2023 was due to receipts in excess of required disbursements to municipalities.

The \$674,000 decrease in unearned revenue and other liabilities is due to decreases in unearned revenue of \$459,000, lease payable of \$143,000, and accounts payable and accrued expenses of \$72,000. Unearned revenue is offset by grants receivable and is recognized as special project revenue as eligible activities are performed. ECIDA's lease for office space is in effect through July 2027, and the lease payable represents the present value of remaining lease payments through the end of the lease. The decrease from 2023 to 2024 was due to decreases in unearned revenue and lease payable.

ECIDA has capitalized the initial present value of future lease receipts as a lease receivable and corresponding deferred inflow of resources. The lease receivable is reduced as cash is received and the deferred inflow of resources is recognized as rental income over the term of the lease contract. The \$227,000 or 37% decrease in deferred inflows of resources related to leases is due to the reduction as monthly lease payments from leaseholders are recognized.

## Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31:

<i>in thousands</i>	2025	2024	\$ Change	% Change	2023
<b>Operating revenues:</b>					
Administrative fees	\$ 2,665	\$ 1,862	\$ 803	43%	\$ 1,750
Affiliate management fees	461	321	140	44%	287
Rental and other	481	493	(12)	(2%)	475
<b>Total operating revenues</b>	<b>3,607</b>	<b>2,676</b>	<b>931</b>	<b>35%</b>	<b>2,512</b>
<b>Operating expenses:</b>					
Salaries and benefits	2,374	2,230	144	6%	2,035
General and administrative	599	611	(12)	(2%)	794
Depreciation, amortization, and other	258	242	16	7%	248
<b>Total operating expenses</b>	<b>3,231</b>	<b>3,083</b>	<b>148</b>	<b>5%</b>	<b>3,077</b>
<b>Special project grants:</b>					
Revenues	550	1,130	(580)	(51%)	518
Expenses	(787)	(1,212)	425	(35%)	(855)
<b>Total special project grants</b>	<b>(237)</b>	<b>(82)</b>	<b>(155)</b>	<b>189%</b>	<b>(337)</b>
<b>Operating income (loss)</b>	<b>139</b>	<b>(489)</b>	<b>628</b>	<b>(128%)</b>	<b>(902)</b>
Nonoperating revenue (expense), net	489	375	114	30%	404
<b>Change in net position</b>	<b>\$ 628</b>	<b>\$ (114)</b>	<b>\$ 742</b>	<b>(651%)</b>	<b>\$ (498)</b>

### Revenue Analysis

Administrative fees are primarily collected from the issuance of various forms of tax abatements and tax-exempt financing. Fees for tax abatement are based on the amount of project investment. ECIDA relies on these fees to cover its operating costs; however, the amount of fees collected in any given year is largely dependent upon the local economic climate and the timing between project approval and project commencement. Administrative fees increased \$803,000 or 43% in 2025 primarily due to an increase in the value of induced projects. Administrative fees were collected related to 15 different projects in 2025, up from 11 in 2024. In 2023, administrative fees were collected related to 22 projects.

Affiliate management fees represent salaries and overhead costs charged to ECIDA affiliates for services that ECIDA's employees provide to these organizations. ECIDA's affiliates include Buffalo & Erie County Regional Development Corporation (RDC), a lending corporation, and Buffalo & Erie County Industrial Land Development Corporation (ILDC), a land development corporation. Affiliate management fees increased \$140,000 in 2025 due to an increase in salaries and chargeable hours, specifically to ILDC, which had a new funding source for these costs. The increase from 2023 to 2024 was due to an increase in salaries and chargeable hours.

Rental and other income is primarily comprised of rental income for building leases and rental income from the Port Terminal Facility.

### Expense Analysis

Salaries and benefits increased \$144,000, or 6%, in 2025 due to employee raises, performance incentives, and an additional employee hired in November. In 2024, salaries and benefits increased \$195,000 from 2023 due to a staff of 18 for the duration of the year combined with increased employee salaries and benefit costs.

General and administrative expenses decreased \$12,000 from \$611,000 in 2024 to \$599,000 in 2025 primarily due to a shift in marketing costs related to ILDC owned properties to that entity and a reduction in telephone and internet expenses. In 2024, general and administrative expenses decreased \$183,000 from a lack of administrative fee refunds compared to 2023.

The net special project grant loss of \$82,000 in 2024 increased to a net loss of \$237,000 in 2025. In 2025, grant expenses exceeded grant revenues due to carrying costs related to ILDC properties of \$100,000 and other grants totaling \$175,000 from the Agency's Urban Development Action Grant (UDAG) fund. In 2024, grant expenses exceeded grant revenues due to carrying costs for ILDC properties and UDAG grants for which there was no corresponding revenue.

Net nonoperating revenue increased \$114,000 in 2025 due to interest income of \$505,000 offset by \$16,000 of interest expense related to ECIDA's office lease. In 2024, net nonoperating revenue decreased \$29,000 caused primarily by the fair value of certain assets decreased \$101,000.

### Budget Analysis

ECIDA prepares an annual budget which was presented and approved by the Board of Directors on October 23, 2024. The following table presents an analysis of ECIDA's performance compared to the approved 2025 budget.

<i>in thousands</i>	Actual	Budget	Variance \$	%
<b>Operating revenues:</b>				
Administrative fees	\$ 2,665	\$ 1,800	\$ 865	48%
Affiliate management fees	461	483	(22)	(5%)
Rental and other	481	445	36	8%
<b>Total operating revenues</b>	<b>3,607</b>	<b>2,728</b>	<b>879</b>	<b>32%</b>
<b>Operating expenses:</b>				
Salaries and benefits	2,374	2,386	(12)	(1%)
General and administrative	599	628	(29)	(5%)
Depreciation, amortization, and other	258	252	6	2%
<b>Total operating expenses</b>	<b>3,231</b>	<b>3,266</b>	<b>(35)</b>	<b>(1%)</b>
Operating loss before special project grants	376	(538)	914	(170%)
<b>Special project grants:</b>				
Revenues	550	5,198	(4,648)	(89%)
Expenses	(787)	(5,498)	4,711	(86%)
<b>Total special project grants</b>	<b>(237)</b>	<b>(300)</b>	<b>63</b>	<b>(21%)</b>
Nonoperating revenue, net	489	400	89	22%
<b>Change in net position</b>	<b>\$ 628</b>	<b>\$ (438)</b>	<b>\$ 1,066</b>	<b>(243%)</b>

### Budget to Actual Analysis

Overall, ECIDA's increase in net position for 2025 exceeded the budgeted decrease by \$1,066,000. Administrative fees exceeded the budgeted amount by 48% due mainly to an increase in the value of induced projects and the number of projects. Total operating expenses were \$35,000 below budget mostly due to lower general and administrative expenses than budgeted. Net special project grants had a positive variance of \$63,000. Nonoperating revenue includes interest income on cash deposits and was \$89,000 greater than expected.

### **Economic Factors Impacting ECIDA**

ECIDA relies extensively upon administrative fees to generate the majority of its annual revenue. As a result of current uncertain economic conditions and potential legislative/board actions, ECIDA's ability to generate the administrative fees necessary to support operations may be limited in the future.

### **Requests for Information**

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

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**Balance Sheets**

December 31,	2025	2024
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 5,862,286	\$ 5,341,088
Investments	8,499,374	7,998,626
Receivables		
Affiliates	3,956,317	4,571,775
Grants	4,839,110	5,214,764
Leases	234,940	226,584
Other	218,132	185,231
Prepaid expenses	102,544	78,000
	<u>23,712,703</u>	<u>23,616,068</u>
<b>Noncurrent assets:</b>		
Leases receivable	147,759	382,699
Capital assets, net (Note 4)	1,277,299	1,450,212
Other assets	406,247	406,247
Restricted cash	5,274,967	4,988,292
Restricted investments	5,518,075	6,540,143
	<u>12,624,347</u>	<u>13,767,593</u>
	<u>\$ 36,337,050</u>	<u>\$ 37,383,661</u>
<b>Liabilities and Net Position</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 287,090	\$ 407,694
Lease liability	150,626	143,295
Accrued expenses	218,297	169,642
Unearned revenue	4,040,200	4,498,758
	<u>4,696,213</u>	<u>5,219,389</u>
<b>Noncurrent liabilities:</b>		
Lease liability	91,400	242,026
Funds held on behalf of others	10,513,124	11,287,296
	<u>10,604,524</u>	<u>11,529,322</u>
<b>Deferred inflows of resources:</b>		
Deferred inflows of resources related to leases	382,699	609,283
<b>Net position:</b>		
Net investment in capital assets	1,035,273	1,064,891
Restricted	11,230,489	11,238,692
Unrestricted	8,387,852	7,722,084
	<u>20,653,614</u>	<u>20,025,667</u>
	<u>\$ 36,337,050</u>	<u>\$ 37,383,661</u>

See accompanying notes.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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

For the years ended December 31,	2025	2024
<b>Operating revenues:</b>		
Administrative fees	\$ 2,664,845	\$ 1,862,096
Affiliate management fees	460,657	320,692
Rental income	316,404	330,275
Other	164,510	162,814
<b>Total operating revenues</b>	<b>3,606,416</b>	<b>2,675,877</b>
<b>Operating expenses:</b>		
Salaries and benefits	2,373,957	2,229,704
General and administrative	598,563	611,530
Depreciation and amortization	256,372	240,534
Other	1,673	1,341
<b>Total operating expenses</b>	<b>3,230,565</b>	<b>3,083,109</b>
<b>Operating income (loss) before special project grants</b>	<b>375,851</b>	<b>(407,232)</b>
<b>Special project grants:</b>		
Revenues	549,710	1,130,308
Expenses	(786,951)	(1,212,254)
<b>Total special project grants</b>	<b>(237,241)</b>	<b>(81,946)</b>
<b>Operating income (loss)</b>	<b>138,610</b>	<b>(489,178)</b>
<b>Nonoperating revenues (expenses):</b>		
Interest income	505,349	498,869
Interest expense	(16,012)	(22,986)
Decrease in fair value of other assets	-	(100,639)
<b>Total nonoperating revenues (expenses)</b>	<b>489,337</b>	<b>375,244</b>
<b>Change in net position</b>	<b>627,947</b>	<b>(113,934)</b>
Net position - beginning	20,025,667	20,139,601
<b>Net position - ending</b>	<b>\$ 20,653,614</b>	<b>\$ 20,025,667</b>

See accompanying notes.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**Statements of Cash Flows**

For the years ended December 31,	2025	2024
<b>Operating activities:</b>		
Cash from fees and rental income	\$ 2,981,249	\$ 2,192,371
Cash from special project grants	466,806	518,979
Cash received from (paid to) other sources	1,207,724	681,133
Payments to employees, suppliers, and other	(3,070,686)	(2,719,969)
Payments for special project grants	(786,951)	(1,212,254)
<b>Net operating activities</b>	<b>798,142</b>	<b>(539,740)</b>
<b>Capital and related financing activities:</b>		
Purchases of capital assets	(83,459)	(184,242)
Principal payments on leases	(143,295)	(136,321)
Interest payments on leases	(16,012)	(22,986)
Interest received on leases	25,318	36,347
<b>Net capital and related financing activities</b>	<b>(217,448)</b>	<b>(307,202)</b>
<b>Investing activities:</b>		
Change in restricted cash, net	(1,060,847)	6,559,887
Purchase of investments	(92,119,680)	(14,538,769)
Maturity of investments	92,641,000	-
Interest received	480,031	462,522
<b>Net investing activities</b>	<b>(59,496)</b>	<b>(7,516,360)</b>
<b>Net change in cash</b>	<b>521,198</b>	<b>(8,363,302)</b>
Cash - beginning	5,341,088	13,704,390
Cash - ending	\$ 5,862,286	\$ 5,341,088
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>		
Operating income (loss)	\$ 138,610	\$ (489,178)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation and amortization	256,372	240,534
Changes in other assets and liabilities:		
Receivables	958,211	(147,919)
Prepaid expenses	(24,544)	600
Accounts payable	(120,604)	102,703
Accrued expenses	48,655	19,303
Unearned revenue	(458,558)	(265,783)
<b>Net operating activities</b>	<b>\$ 798,142</b>	<b>\$ (539,740)</b>

See accompanying notes.

**Notes to Financial Statements**

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**1. Summary of Significant Accounting Policies**

**Nature of Organization**

Erie County Industrial Development Agency (ECIDA) was created in 1970 by an act of the Legislature of the State of New York (the State) for the purpose of encouraging financially sound companies to establish themselves and prosper in Erie County (the County).

ECIDA has related party relationships with Buffalo and Erie County Industrial Land Development Corporation (ILDC) and Buffalo and Erie County Regional Development Corporation (RDC). All three entities are managed by the same personnel and RDC currently shares a common board with ECIDA. These entities share the same mission, which is to provide the resources that encourage investment, innovation, workforce development, and international trade resulting in a successful business climate focused on growth, economic stability, job creation, and job retention for businesses and individuals which improves the quality of life for the residents of the region.

**Basis of Presentation**

The financial statements of ECIDA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Financial Reporting Entity**

In evaluating how to define ECIDA for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in ECIDA's reporting entity is based on accounting standards which consider legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no additional entities included in ECIDA's financial statements.

**Measurement Focus**

ECIDA reports as 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. ECIDA's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred.

ECIDA's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for services and payments made to purchase those goods or services. Certain other transactions are reported as nonoperating activities and include interest and investment income, interest expense, and grants resulting from nonexchange transactions. Grants are recognized as receivable and unearned revenue at the time awarded and as revenue when all eligibility requirements imposed by the provider have been satisfied. ECIDA receives special project grants from various Federal, State, and County sources.

**Subsequent Events**

ECIDA has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 12, 2026, the date the financial statements were available to be issued.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## Cash and Investments

Cash and investment management is governed by State laws and as established by ECIDA's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Policies permit management to use demand and time accounts, certificates of deposit, obligations of the United States Treasury and its Agencies, and obligations of the State or its localities, including those held under repurchase agreements or in external investment pools.

Custodial credit risk is the risk that, in the event of a bank failure, ECIDA's deposits may not be returned to it. Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. At December 31, 2025 and 2024, ECIDA's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institution's agent in ECIDA's name.

Investments consist of U.S. Treasury Bills with original maturities in excess of three months.

## Capital Assets

Capital assets are recorded at cost. Financed right-to-use lease assets are recorded at the present value of the initial lease liability. Depreciation is provided over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds to determine which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Buildings and improvements	\$ 1,000	5 - 40
Furniture and equipment	\$ 1,000	3 - 10

### Rental Property:

In 1989, ECIDA developed a public warehouse and trans-shipment facility (the Port Terminal Facility) at the Gateway Metroport facility in the City of Lackawanna. The Port Terminal Facility provides enclosed storage facilities and materials handling services for the trans-shipment of goods by water, rail, and truck. The facility is owned by ECIDA and is operated by Gateway Trade Center, Inc. Port Terminal Facility rental property assets are fully depreciated. ECIDA receives a percentage of annual Excess Cash Flow, as defined, from the operations at the Port Terminal Facility.

ECIDA also owns its former office space at 143 Genesee Street. This property is recorded at cost and leased to a third party (Note 6).

## Other Assets

Other assets include venture capital investments made by ECIDA in order to spur local economic growth. Venture capital investments are recorded at the lesser of cost or fair market value as determined by management's estimates based on available financial information.

## Net Position

Net position consists of the following components:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by related liabilities. Restrictions are imposed by the U.S. Department of Housing and Urban Development's Urban Development Action Grant (UDAG) program.
- *Unrestricted* – the net amount of assets and deferred outflows of resources less liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by ECIDA.

## Tax Incentive Transactions

ECIDA maintains an economic development incentive program to provide sales, property, and/or mortgage recording tax benefits for qualified construction, renovation, or expansion projects or other economic development activities within Erie County. Under this program, ECIDA may take title to or a leasehold interest in the real and/or personal property involved in the project for the term of the incentive period. ECIDA simultaneously leases the property under a lease agreement to the company undertaking the project (lessee). ECIDA receives administrative fees from the lessee for providing these tax incentives which are recognized according to the terms of the fee agreement.

ECIDA is an issuer of tax-exempt bond financing for qualified manufacturers and low-income housing projects which meet the definition of conduit debt obligations. These bonds are obligations of the borrower and secured by the assets they finance. ECIDA receives bond issuance fees from the borrower for providing this service which is recognized according to the terms of the fee agreement. ECIDA also has a shared services agreement with ILDC under which administrative and staffing services are provided to ILDC in connection with its bond issuances to nonprofit organizations in exchange for the related bond issuance fees received by ILDC. At December 31, 2025 and 2024, previously issued bonds have an aggregate outstanding balance of \$360,346,150 and \$439,614,859, none of which is recognized as a liability of ECIDA.

ECIDA received bond administrative fees from ILDC of \$550,000 in 2025 and \$337,000 in 2024.

## 2. Special Project Grants

*Bethlehem Shoreline Enhancement* – ECIDA received a grant from New York State Department of State in the amount of \$122,825 in June 2020 to support the construction and administration of Shoreline Trail enhancements on the former Bethlehem Steel property.

*Bethlehem Water and Sewer Design* – ECIDA received a grant from Erie County in the amount of \$700,000 in July 2020 to support the design, engineering, construction, and administration of water and sewer utility extensions and upgrades on the former Bethlehem Steel property. The grant was increased to \$750,000 in May 2024.

*Bethlehem Railroad Relocation* – ECIDA received a grant from Erie County in the amount of \$600,000 in June 2023 to support the relocation of rail infrastructure at the former Bethlehem Steel Property.

*Buffalo Southern Railroad* – ECIDA received a \$1,703,553 grant from New York State Department of Transportation (NYSDOT) in January 2023 and a \$250,000 grant from Erie County in July 2023.

*Buffalo Southern Railroad Capital Improvements* – ECIDA received a \$400,000 grant from Erie County in April 2024 to support the restoration of five bridges and seven miles of track on the Buffalo Southern Railroad.

*DL&W Lancaster Industrial Track Improvement* – ECIDA received a \$1,616,470 grant from NYSDOT in April 2023 and a \$250,000 grant from Erie County in September 2023 to support the restoration of the DL&W Lancaster Industrial Track.

*DL&W Railroad Bridge Repair* – ECIDA received a \$150,000 grant from Erie County in April 2024 to support safety and efficiency improvements of the DL&W Railroad.

The following is a summary of grants receivable at December 31:

	2025	2024
Bethlehem Shoreline Enhancement	\$ -	\$ 51,804
Bethlehem Water and Sewer Design	136,561	192,797
Buffalo Southern Railroad - 2017 PFRAP Rail Improvement	140	140
Bethlehem Railroad Relocation	600,000	600,000
Buffalo Southern Railroad	1,860,095	1,953,553
Buffalo Southern Railroad Capital Improvements	225,844	400,000
DL&W Lancaster Industrial Track Improvement	1,866,470	1,866,470
DL&W Railroad Bridge Repair	150,000	150,000
	<u>\$ 4,839,110</u>	<u>\$ 5,214,764</u>

The following is a summary of unearned revenue at December 31:

	2025	2024
Bethlehem Shoreline Enhancement	\$ -	\$ 23,910
Bethlehem Water and Sewer Design	101,507	92,835
Bethlehem Railroad Relocation	77,296	234,380
Buffalo Southern Railroad	1,836,051	1,854,989
Buffalo Southern Railroad Capital Improvements	25,245	292,542
DL&W Lancaster Industrial Track Improvement	1,850,101	1,850,102
DL&W Railroad Bridge Repair	150,000	150,000
	<u>\$ 4,040,200</u>	<u>\$ 4,498,758</u>

## 3. Funds Held on Behalf of Others

ECIDA holds funds for various development activities. ECIDA disburses these funds when given the appropriate authorization. The funds include:

	2025	2024
Erie County Regional Redevelopment Fund	\$ 1,743,036	\$ 1,686,281
Buffalo Brownfields Redevelopment Fund	40,989	37,213
Jemal's Seneca Fund	2,076,464	1,365,072
Seneca Street Corridor Fund	1,261,869	3,524,959
Main Street Improvement Fund	5,390,766	4,673,771
	<u>\$ 10,513,124</u>	<u>\$ 11,287,296</u>

Restricted cash and investments also includes \$279,918 and \$241,139 as of December 31, 2025 and 2024, respectively, for the Railway Trust Fund for activities related to two Erie County shortline railroads.

#### 4. Capital Assets

	Balance January 1, 2025	Increases	Retirements/ Reclassifications	Balance December 31, 2025
Land	\$ 167,400	\$ -	\$ -	\$ 167,400
Depreciable capital assets:				
Land improvements	1,275,200	-	-	1,275,200
Buildings	2,747,489	-	-	2,747,489
Furniture and equipment	478,547	83,459	-	562,006
Total depreciable assets	4,501,236	83,459	-	4,584,695
Less accumulated depreciation:				
Land improvements	(1,011,351)	(46,081)	-	(1,057,432)
Buildings	(2,134,593)	(36,043)	-	(2,170,636)
Furniture and equipment	(447,811)	(28,959)	-	(476,770)
Total accumulated depreciation	(3,593,755)	(111,083)	-	(3,704,838)
Total depreciable assets, net	907,481	(27,624)	-	879,857
Right-to-use lease assets:				
Building	532,728	-	-	532,728
Accumulated amortization	(157,397)	(145,289)	-	(302,686)
Total right-to-use assets, net	375,331	(145,289)	-	230,042
	\$ 1,450,212	\$ (172,913)	\$ -	\$ 1,277,299
	Balance January 1, 2024	Increases	Retirements/ Reclassifications	Balance December 31, 2024
Land	\$ 167,400	\$ -	\$ -	\$ 167,400
Depreciable capital assets:				
Land improvements	1,109,345	165,855	-	1,275,200
Buildings	2,747,489	-	-	2,747,489
Furniture and equipment	481,788	18,387	(21,628)	478,547
Total depreciable assets	4,338,622	184,242	(21,628)	4,501,236
Less accumulated depreciation:				
Land improvements	(964,733)	(46,618)	-	(1,011,351)
Buildings	(2,098,550)	(36,043)	-	(2,134,593)
Furniture and equipment	(456,856)	(12,583)	21,628	(447,811)
Total accumulated depreciation	(3,520,139)	(95,244)	21,628	(3,593,755)
Total depreciable assets, net	818,483	88,998	-	907,481
Right-to-use lease assets:				
Building	532,728	-	-	532,728
Accumulated amortization	(12,107)	(145,290)	-	(157,397)
Total right-to-use assets, net	520,621	(145,290)	-	375,331
	\$ 1,506,504	\$ (56,292)	\$ -	\$ 1,450,212

## 5. Related Party Transactions

ECIDA allocates a portion of personnel and rental costs to its affiliates, RDC and ILDC. Costs allocated to ILDC are subject to available funding sources. ECIDA earned \$460,657 and \$320,692 in affiliate management fees for the years ended December 31, 2025 and 2024. Management fees and receivables by affiliate are as follows:

	Management Fees		Receivables	
	2025	2024	2025	2024
RDC	\$ 309,162	\$ 300,991	\$ 326,804	\$ 322,042
ILDC	151,495	19,701	3,629,513	4,249,733
	<u>\$ 460,657</u>	<u>\$ 320,692</u>	<u>\$ 3,956,317</u>	<u>\$ 4,571,775</u>

In 2025 and 2024, ECIDA provided ILDC with \$1,882,524 and \$2,113,970 to temporarily finance various projects. These funds are periodically repaid when ILDC receives reimbursement from grant sources.

In 2025 and 2024, the County provided \$24,000 and \$28,555, respectively, to ECIDA as a subrecipient of Community Development Block Grant funds. These funds were then transferred to ILDC for its Erie County BDF loan program. These amounts are included in special project grant revenues and expenses in the accompanying statements of revenues, expenses, and changes in net position.

## 6. Leases

ECIDA, as lessee, entered into a non-cancelable lease for office space through July 31, 2027 and recognized a right-to-use lease asset at the present value of the initial lease liability using a discount rate of 5%. The lease requires annual minimum payments of \$159,307 and utility charges that are determined on an annual basis. Principal and interest due in 2026 total \$150,626 and \$8,681, respectively.

ECIDA entered into a sublease agreement with Buffalo Urban Development Corporation for a portion of their office space through July 31, 2027. ECIDA recognized \$26,974 and \$23,940 in gross rental income, including interest at 5.0%, in 2025 and 2024. Annual receipts in 2026 are expected to total \$18,564, plus utilities.

ECIDA, as lessor, has entered into a non-cancelable lease for its former office through July 31, 2027. ECIDA recognized \$231,701 in gross rental income, including interest at 5.0%, in both 2025 and 2024. Annual receipts in 2026 are expected to total \$230,856, plus utilities.

## 7. Pension

ECIDA maintains a defined contribution simplified employee pension (SEP) plan covering all of its employees. Employees are eligible to participate six months after employment, with employer contributions vesting immediately. During 2025 and 2024, ECIDA made discretionary contributions of 12% of eligible employees' salaries. ECIDA's expense for contributing to the plan for the years ended December 31, 2025 and 2024 amounted to \$210,409 and \$193,741 respectively. Employees are also permitted to participate in the New York State Deferred Compensation Plan but ECIDA does not make contributions to this plan.

## 8. Risk Management

ECIDA purchases commercial insurance for various risks of loss due to torts, theft, damage, injuries to employees, and natural disasters in addition to insurance purchased to indemnify directors and officers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

## 9. Commitments and Contingencies

### Grants

ECIDA receives financial assistance from federal, state, and local agencies in the form of grants and fiduciary agreements. Managing these funds generally requires compliance with the terms and conditions specified in the agreements and may be subject to audit by the grantor agencies. Disallowed claims resulting from such audits could become a liability of ECIDA. Based on prior experience, management expects any such amounts to be immaterial.

### Litigation

ECIDA is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims and lawsuits will not have a material adverse effect upon the financial position of ECIDA.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**Supplementary Information  
Combining Balance Sheets**

December 31, 2025

	General Account	UDAG Account	Total
<b>Assets</b>			
<b>Current assets:</b>			
Cash	\$ 2,995,533	\$ 2,866,753	\$ 5,862,286
Investments	3,999,539	4,499,835	8,499,374
Receivables			
Affiliates	502,547	3,453,770	3,956,317
Grants	4,839,110	-	4,839,110
Leases	234,940	-	234,940
Other	214,248	3,884	218,132
Prepaid expenses	102,544	-	102,544
	<u>12,888,461</u>	<u>10,824,242</u>	<u>23,712,703</u>
<b>Noncurrent assets:</b>			
Leases receivable	147,759	-	147,759
Capital assets, net	1,277,299	-	1,277,299
Other assets	-	406,247	406,247
Restricted cash	5,274,967	-	5,274,967
Restricted investments	5,518,075	-	5,518,075
	<u>12,218,100</u>	<u>406,247</u>	<u>12,624,347</u>
	<u>\$ 25,106,561</u>	<u>\$ 11,230,489</u>	<u>\$ 36,337,050</u>
<b>Liabilities and Net Position</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 287,090	\$ -	\$ 287,090
Lease liability	150,626	-	150,626
Accrued expenses	218,297	-	218,297
Unearned revenue	4,040,200	-	4,040,200
	<u>4,696,213</u>	<u>-</u>	<u>4,696,213</u>
<b>Noncurrent liabilities:</b>			
Lease liability	91,400	-	91,400
Funds held on behalf of others	10,513,124	-	10,513,124
	<u>10,604,524</u>	<u>-</u>	<u>10,604,524</u>
<b>Deferred inflows of resources:</b>			
Deferred inflows of resources related to leases	382,699	-	382,699
<b>Net position:</b>			
Net investment in capital assets	1,035,273	-	1,035,273
Restricted	-	11,230,489	11,230,489
Unrestricted	8,387,852	-	8,387,852
	<u>9,423,125</u>	<u>11,230,489</u>	<u>20,653,614</u>
	<u>\$ 25,106,561</u>	<u>\$ 11,230,489</u>	<u>\$ 36,337,050</u>

**Supplementary Information**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**

For the year ended December 31, 2025

	General Account	UDAG Account	Total
<b>Operating revenues:</b>			
Administrative fees	\$ 2,664,845	\$ -	\$ 2,664,845
Affiliate management fees	460,657	-	460,657
Rental income	316,404	-	316,404
Other	164,510	-	164,510
<b>Total operating revenues</b>	<b>3,606,416</b>	<b>-</b>	<b>3,606,416</b>
<b>Operating expenses:</b>			
Salaries and benefits	2,373,957	-	2,373,957
General and administrative	598,563	-	598,563
Depreciation and amortization	256,372	-	256,372
Other	1,673	-	1,673
<b>Total operating expenses</b>	<b>3,230,565</b>	<b>-</b>	<b>3,230,565</b>
<b>Operating income before special project grants</b>	<b>375,851</b>	<b>-</b>	<b>375,851</b>
<b>Special project grants:</b>			
Revenues	549,710	-	549,710
Expenses	(511,784)	(275,167)	(786,951)
<b>Total special project grants</b>	<b>37,926</b>	<b>(275,167)</b>	<b>(237,241)</b>
<b>Operating income (loss)</b>	<b>413,777</b>	<b>(275,167)</b>	<b>138,610</b>
<b>Nonoperating revenues (expenses):</b>			
Interest income	238,385	266,964	505,349
Interest expense	(16,012)	-	(16,012)
<b>Total nonoperating revenues (expenses)</b>	<b>222,373</b>	<b>266,964</b>	<b>489,337</b>
<b>Change in net position</b>	<b>636,150</b>	<b>(8,203)</b>	<b>627,947</b>
Net position - beginning	8,786,975	11,238,692	20,025,667
<b>Net position - ending</b>	<b>\$ 9,423,125</b>	<b>\$ 11,230,489</b>	<b>\$ 20,653,614</b>

**INDEPENDENT AUDITORS' 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***

The Board of Directors  
Erie County Industrial Development Agency

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 Erie County Industrial Development Agency (ECIDA), a business-type activity, as of and for the year December 31, 2025, and the related notes to the financial statements, which collectively comprise ECIDA's basic financial statements, and have issued our report thereon dated March 12, 2026.

**Report on Internal Control over Financial Reporting**

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether ECIDA'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 ECIDA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ECIDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

March 12, 2026

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

The Board of Directors  
Erie County Industrial Development Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Erie County Industrial Development Agency (ECIDA), a business-type activity, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise ECIDA's basic financial statements, and we have issued our report thereon dated March 12, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that ECIDA failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2025. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding ECIDA's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.



March 12, 2026