

**BUFFALO AND ERIE COUNTY INDUSTRIAL
LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)**

FINANCIAL STATEMENTS

DECEMBER 31, 2025

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Buffalo and Erie County Industrial
Land Development Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Buffalo and Erie County Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of the County of Erie, New York, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise ILDC'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 ILDC 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 ILDC, 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 these 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 ILDC'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 ILDC'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 ILDC'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 comprise ILDC'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 ILDC'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 ILDC'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 ILDC'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

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

Management's Discussion and Analysis (Unaudited)

December 31, 2025

Buffalo and Erie County Industrial Land Development Corporation (ILDC) was incorporated for the purpose of participating in the acquisition and development of industrial sites and to provide financial assistance for the acquisition or renovation of fixed assets by industrial companies locating or expanding in the County of Erie, New York (the County). ILDC is considered a component unit of the County. ILDC also manages a microenterprise revolving loan program on behalf of the County.

As a special-purpose government engaged in business-type activities, ILDC 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*, ILDC is required to present management's discussion and analysis (MD&A) to assist readers in understanding ILDC's financial performance.

We present the attached overview and analysis of the financial activities of ILDC 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 ILDC's audited financial statements.

In 2025 the ILDC continued redevelopment work at Renaissance Commerce Park in Lackawanna, New York, and the Erie County Agribusiness Park in Evans, New York. Design work was completed for two new roads at Renaissance Commerce Park and a contractor was awarded the bid for road construction. Design and engineering was also completed for a railroad relocation project, which will make a significant parcel available for redevelopment. The first phase of access road was constructed at the Erie County Agribusiness Park. Erie County continued to market the Microenterprise Loan/Grant Program.

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 ILDC owns (assets and deferred outflows of resources) and what ILDC owes (liabilities and deferred inflows of resources). ILDC's assets and deferred outflows of resources less its liabilities and deferred inflows of resources (net position) can be one way to measure ILDC's financial position. Over time, increases or decreases in ILDC'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 – These statements report ILDC'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 ILDC's operating results for the year.
- 3) Statements of Cash Flows – These statements report ILDC's cash flows from operating, capital and related financing, and investing activities, if any.

Financial Highlights

- ILDC's net position decreased by 1% from \$7,407,000 in 2024 to \$7,364,000 in 2025.
- ILDC experienced a decrease in net position of \$43,000 in 2025 compared to \$179,000 in 2024.
- Operating revenues increased 21% from \$491,000 in 2024 to \$596,000 in 2025.
- Operating expenses increased 81% from \$560,000 in 2024 to \$1,011,000 in 2025.

Condensed Comparative Financial Statements:

Balance Sheets at December 31:

<i>in thousands</i>	2025	2024	\$ Change	% Change	2023
Assets					
Cash	\$ 4,653	\$ 3,684	\$ 969	26%	\$ 418
Grants receivable	5,212	6,414	(1,202)	(19%)	9,191
Loans receivable, net	274	352	(78)	(22%)	485
Capital assets, net	170	175	(5)	(3%)	179
Land held for sale	6,478	6,472	6	0%	6,875
Total assets	\$ 16,787	\$ 17,097	\$ (310)	(2%)	\$ 17,148
Liabilities					
Accounts payable	\$ 180	\$ 67	\$ 113	169%	\$ 880
Due to affiliate	3,629	4,250	(621)	(15%)	4,519
Unearned revenue	5,614	5,373	241	4%	4,163
Total liabilities	9,423	9,690	(267)	(3%)	9,562
Net position					
Net investment in capital assets	170	175	(5)	(3%)	179
Restricted	490	518	(28)	(5%)	540
Unrestricted	6,704	6,714	(10)	(0%)	6,867
Total net position	7,364	7,407	(43)	(1%)	7,586
Total liabilities and net position	\$ 16,787	\$ 17,097	\$ (310)	(2%)	\$ 17,148

ILDC's cash balance increased 26% or \$969,000 in 2025, after an increase of 781% or \$3,266,000 in 2024. An \$807,000 increase in a grant-related bank account drove the overall increase due to the receipt of additional funds as a reimbursement from 2024 disbursements. The 2024 increase was due to a \$2,900,000 balance the same grant-related bank account at the end of 2024 that did not exist in 2023, along with cash inflows of \$549,000 from a land sale in December.

Grants receivable decreased 19% or \$1,202,000 due to grant receipts from Empire State Development, National Grid, and Erie County during the year and coincides with the increase in cash. There was one new grant of \$2,400,000 recognized as grants receivable and unearned revenue in 2025. In 2024, there was a decrease of 30% or \$2,777,000 due mainly to receipts from Empire State Development and the U.S. Department of Commerce Economic Development Administration.

Loans receivable relate to the microenterprise revolving loan fund, known as the Erie County Business Development Fund. Net loans receivable decreased \$78,000 from 2024 to 2025. There were four new loan for \$105,500 and principal payments of \$136,000 received in 2025, combined with a provision for uncollectible loan expense of \$48,000. The uncollectible loan expense is largely due to loans that are partially forgiven as certain requirements are met. There was a \$133,000 decrease in net loans receivable from 2023 to 2024.

Capital assets consist mainly of an entrance sign at Renaissance Commerce Park in Lackawanna, New York. The decreases in net capital assets in 2025 and 2024 are reflective of depreciation.

Land held for sale consists of 143 acres of land at Renaissance Commerce Park in Lackawanna, New York and 238 acres of land at the former Angola Airport site in Evans, New York. In connection with its economic development purpose, ILDC is working with several partners to return these underutilized properties to productive use. The \$6,000 increase from 2024 to 2025 reflects additional capitalized costs incurred. The \$403,000 decrease in land held for sale from 2023 to 2024 was due to the sale of 10 acres at Renaissance Commerce Park.

The \$113,000 increase in accounts payable from 2024 to 2025 and the \$813,000 decrease from 2023 to 2024 were primarily due to special project construction-related payables outstanding the end of each year.

The \$621,000 or 15% decrease in the total due to affiliate (ECIDA) from 2024 to 2025 is primarily due to the repayment of \$2,646,000 to ECIDA related to land development activities and projects, combined with \$1,883,000 of new funds borrowed. Additional repayment will be made when grant funds are received. The \$269,000 decrease from 2023 to 2024 was a result of repayments in excess of borrowed funds.

Unearned revenue relates to grants awarded to the ILDC, for which the related revenue has not yet been recognized. The \$241,000 increase from 2024 to 2025 is due to the award of a new grant that exceeded the recognition of revenue related to grants. The increase from 2023 to 2024 was also due to the award of one new grant offset by grant revenue recognition.

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

<i>in thousands</i>	2025	2024	\$ Change	% Change	2023
Operating revenue:					
Administrative fee revenue	\$ 550	\$ 338	\$ 212	63%	\$ 11
Gain (loss) on land held for sale	-	124	(124)	(100%)	-
Interest from loans and other	46	29	17	59%	24
Total revenue	596	491	105	21%	35
Operating expenses:					
Transfer to ECIDA	701	357	344	96%	28
General, administrative, and depreciation	262	156	106	68%	71
Provision for uncollectible loans (recoveries)	48	47	1	2%	189
Total operating expenses	1,011	560	451	81%	288
Operating loss before special project grants	(415)	(69)	(346)	501%	(253)
Special project grants:					
Grant revenue	2,405	1,469	936	64%	6,748
Grant expense	(2,033)	(1,579)	454	(29%)	(6,259)
Total special project grants	372	(110)	482	(438%)	489
Change in net position	\$ (43)	\$ (179)	\$ 136	(76%)	\$ 236

Revenue Analysis

ILDC is an issuer of tax-exempt bond financing for not-for-profit entities. These bonds are not obligations of ILDC or the County. ILDC receives bond issuance fees from borrowers for providing this service. ILDC has a shared services agreement with ECIDA under which administrative and staffing services are provided to ILDC in connection with bond issuances in exchange for the related bond issuance fees received by ILDC. In 2025 there was one bond issuance with a principal amount greater than the bond issued in 2024, resulting in a \$212,000 increase in fee revenue. In 2024 there was one bond issuance, which was the cause of the increase in fees from 2023.

ILDC sells rehabilitated land as part of its economic development activities. When the sale price of land is greater than the book cost (including land improvements), a gain is recognized, and when the sale price is less than the book cost, a loss is recognized. There was one land sale in 2024, and the sale proceeds were greater than the cost of land to ILDC. There were no land sales in 2025.

The \$17,000 increase in interest from loans and other revenue from 2024 to 2025 is due mainly to a full year of income from an option contract related to land owned by ILDC. The increase from 2023 to 2024 was due to a partial year of income from the same contract.

Expense Analysis

The amount transferred to ECIDA each year under the shared services agreement consists of administrative fees for bond issuances plus charges from ECIDA for personnel and overhead. Charges for personnel and overhead are derived from ECIDA employee hours charged for ILDC-related projects. The \$344,000 increase from 2024 to 2025 related to an ILDC bond fee of \$550,000 being transferred during the year and an increase in chargeable employee hours. The increase from 2023 to 2024 was due to a bond issuance in 2024.

In 2025, general, administrative, and depreciation expenses increased \$106,000 from \$156,000 to \$262,000, due mainly to increases in legal costs and environmental and property maintenance costs on owned properties. General, administrative, and depreciation expenses increased \$85,000 from 2023 to 2024 due to increases in legal costs and special district taxes on owned properties.

Most of the loans made under the microenterprise loan program are forgivable loans, which may provide up to 50% of loan forgiveness if certain criteria are met. The increase of \$1,000 in the provision for uncollectible loans from 2024 to 2025 reflects a similar level of forgivable loans awarded in 2025 as compared to 2024. There were two loans forgiven during 2025. There was a decrease in the provision for uncollectible loans of \$142,000 from 2023 to 2024.

Grant revenue increased \$936,000 to \$2,405,000 in 2025 from \$1,469,000 in 2024. This was primarily due to \$1,642,000 of grant revenue recognized for access road construction at the Angola Agribusiness Park compared to \$60,000 in 2024. The decrease from 2023 to 2024 related to grant revenue in 2024 for sewer construction at Renaissance Commerce Park.

Grant expenses relate directly to the costs involved with certain projects undertaken by the ILDC and can vary from year to year based on activity. There was a \$454,000 increase in grant expenses from 2024 to 2025 due to the access road project at the Angola Agribusiness Park. Most grant expenses are related to the Renaissance Commerce Park project (see Note 3 to the financial statements for additional detail). The decrease from 2023 to 2024 due to a decrease in grant-eligible project expenses.

Budget Analysis

ILDC 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 ILDC’s performance compared to the approved 2025 budget.

<i>in thousands</i>	Actual	Budget	\$ Variance	% Variance
Operating revenue:				
Administrative fee revenue	\$ 550	\$ -	\$ 550	100%
Interest from loans and other	46	45	1	2%
Total revenue	596	45	551	1224%
Operating expenses:				
Transfer to ECIDA	701	174	527	303%
General, administrative, and depreciation	262	62	200	323%
Provision for uncollectible loans (recoveries)	48	105	(57)	(54%)
Total operating expenses	1,011	341	670	196%
Operating loss before special project grants	(415)	(296)	(119)	40%
Special project grants:				
Grant revenue	2,405	2,527	(122)	(5%)
Grant expense	(2,033)	(2,143)	110	(5%)
Total special project grants	372	384	(12)	(3%)
Change in net position	\$ (43)	\$ 88	\$ (131)	(149%)

ILDC’s decrease in net position for 2025 fell short of the budgeted increase by \$131,000. Total revenue was \$551,000, or 1,224%, above budget due to a bond issuance in 2025. Administrative fee revenue is typically not included in the ILDC’s budget due to the unpredictable nature of these transactions. Total expenses were \$670,000, or 196%, above budget. Most of the variance is due to the transfer to ECIDA being higher than expected as a result of the bond issuance. General, administrative, and depreciation expenses were \$200,000, or 323%, above budget due to increased legal, environmental, and property maintenance costs of properties. Grant revenue was \$122,000 lower than budget, while grant expenses were \$110,000 lower than budget.

Economic Factors Impacting ILDC

ILDC relies upon land sales to generate revenue for continued operations, as well as grant revenue from Erie County and other economic development partners to defray the costs associated with land development. As a result of current uncertain economic conditions, ILDC’s ability to generate the income necessary to support operations may be limited in the future.

Requests for Information

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

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

Balance Sheets

December 31,	2025	2024
Assets		
Current assets:		
Cash	\$ 4,653,617	\$ 3,683,965
Grants receivable (Note 3)	5,212,106	6,413,558
Loans receivable (Note 2)	120,915	119,677
Prepaid expenses	186	-
	<u>9,986,824</u>	<u>10,217,200</u>
Noncurrent assets:		
Loans receivable, net (Note 2)	152,800	232,565
Capital assets	184,285	184,285
Accumulated depreciation	(14,260)	(9,726)
Land held for sale (Note 4)	6,477,657	6,472,145
	<u>6,800,482</u>	<u>6,879,269</u>
	<u>\$ 16,787,306</u>	<u>\$ 17,096,469</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 179,726	\$ 67,342
Due to affiliate (Note 5)	3,629,513	4,249,733
Unearned revenue (Note 3)	5,614,227	5,372,594
	<u>9,423,466</u>	<u>9,689,669</u>
Net position:		
Net investment in capital assets	170,025	174,559
Restricted	489,748	517,721
Unrestricted	6,704,067	6,714,520
	<u>7,363,840</u>	<u>7,406,800</u>
	<u>\$ 16,787,306</u>	<u>\$ 17,096,469</u>

See accompanying notes.

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

Statements of Revenues, Expenses, and Changes in Net Position

For the years ended December 31,	2025	2024
Operating revenues:		
Administrative fees	\$ 550,000	\$ 337,513
Gain on land held for sale	-	124,258
Rental income	23,667	7,000
Interest from loans and other	22,329	21,760
Total operating revenues	<u>595,996</u>	<u>490,531</u>
Operating expenses:		
Transfer to Erie County Industrial Development Agency	701,495	356,714
General and administrative	257,011	151,483
Provision for uncollectible loans	48,091	46,880
Depreciation	4,534	4,534
Total operating expenses	<u>1,011,131</u>	<u>559,611</u>
Operating loss before special project grants	(415,135)	(69,080)
Special project grants:		
Special project grant revenue	2,404,863	1,469,378
Special project grant expense	(2,032,688)	(1,579,054)
Total special project grants	<u>372,175</u>	<u>(109,676)</u>
Change in net position	(42,960)	(178,756)
Net position - beginning	<u>7,406,800</u>	<u>7,585,556</u>
Net position - ending	<u>\$ 7,363,840</u>	<u>\$ 7,406,800</u>

See accompanying notes.

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

Statements of Cash Flows

For the years ended December 31,	2025	2024
Operating activities:		
Administrative fees	\$ 550,000	\$ 337,513
Receipts from (payments to) Erie County Industrial Development Agency	(1,321,715)	(626,356)
Principal and interest on loans and other	181,932	150,021
Loans awarded	(105,500)	(35,000)
Proceeds from sale of land	-	548,900
Purchase of land held for sale	(5,512)	(21,683)
Payments to vendors	(144,813)	(1,024,127)
Special project grant receipts	3,847,948	5,456,395
Special project grant disbursements	(2,032,688)	(1,519,399)
Net operating activities	969,652	3,266,264
Cash - beginning	3,683,965	417,701
Cash - ending	\$ 4,653,617	\$ 3,683,965
Reconciliation of change in net position to net cash flows from operating activities:		
Change in net position	\$ (42,960)	\$ (178,756)
Adjustments to reconcile change in net position to net cash flows from operating activities:		
Gain on land held for sale	-	(124,258)
Provision for uncollectible loans	(48,091)	(46,880)
Depreciation	4,534	4,534
Changes in other assets and liabilities:		
Grants receivable	1,201,452	2,777,621
Loans receivable	126,618	180,021
Prepaid expenses	(186)	-
Land held for sale	(5,512)	527,217
Accounts payable	112,384	(812,989)
Due to affiliate	(620,220)	(269,642)
Unearned revenue	241,633	1,209,396
Net operating activities	\$ 969,652	\$ 3,266,264

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Organization

Buffalo and Erie County Industrial Land Development Corporation (ILDC) was incorporated for the purpose of participating in the acquisition and development of industrial sites and to provide financial assistance for the acquisition or renovation of fixed assets by industrial companies locating or expanding in the County of Erie, New York (the County). ILDC manages a microenterprise revolving loan program which is dedicated to improving economic conditions in the County.

ILDC has related party relationships with Erie County Industrial Development Agency (ECIDA) and Buffalo and Erie County Regional Development Corporation (RDC). All three entities are managed by the same personnel. 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.

In accordance with accounting standards, ILDC is considered a component unit of the County. The County, acting by and through the County Executive, is the sole member of ILDC and is financially accountable for it; as a result, ILDC is included in the financial statements of the County as a discretely presented component unit.

Basis of Presentation

The financial statements 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 (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Measurement Focus

ILDC 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. ILDC'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.

ILDC'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, including interest earned on revolving loan funds, payments made to purchase those goods or services, gain or loss on property sales related to redevelopment activities, or special project grants whose purpose aligns with the primary mission of ILDC. Grants receivable and unearned revenue are recognized at the time awarded and are recognized as revenue when all eligibility requirements imposed by the provider have been satisfied. ILDC receives special project grants from various Federal, State, and County governments.

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 management is governed by New York State (the State) laws and as established by ILDC's written policies. Cash 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, ILDC’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, ILDC’s bank deposits were fully collateralized by FDIC coverage and securities held by the pledging bank’s agent in ILDC’s name.

Loans Receivable

Loans receivable are stated at the principal amount outstanding, net of an allowance for uncollectible loans. The allowance method is used to compute the provision for uncollectible loans.

Determination of the allowance for uncollectible loans 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. Management provides for probable uncollectible amounts through a charge to expenses and a credit to a valuation allowance based on its assessment of the current status of individual accounts, historical trends, and reasonable forecasts. Loans are written off through a charge to the valuation allowance and a credit to loans receivable after management has used reasonable collection efforts, and no legal recourse is available to collect the amount owed.

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. Interest accrual stops when management adjusts a loan reserve to 50% or more of the loan’s outstanding balance.

Capital Assets

Capital assets are recorded at cost. 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

Net Position

Net position consists of the following components:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, 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 external organizations such as federal or state laws and include amounts maintained in the Erie County Business Development Fund (Erie County BDF) (Note 2).
- *Unrestricted* – the net amount of assets less liabilities and that are not included in the restricted component of net position and therefore are available for general use.

Tax-Exempt Bond Transactions

ILDC is an issuer of tax-exempt bond financing for not-for-profit entities which meet the definition of conduit debt obligations. These bonds are obligations of the borrower and secured by the assets they finance. ILDC receives administrative fees from the borrower for providing bond issues which are recognized according to the terms of the fee agreement. ILDC also has a shared services agreement with ECIDA under which administrative and staffing services are provided to ILDC in connection with bond issuances in exchange for the related bond issuance fees received by ILDC. At December 31, 2025 and 2024, previously issued bonds have an aggregate outstanding principal amount payable of \$346,103,922 and \$337,249,793, respectively, none of which is recognized as a liability of ILDC.

ILDC transferred \$550,000 and \$337,000 in administrative fees to ECIDA in 2025 and 2024.

Income Taxes

Although the financial statements are required to be reported as a governmental entity, ILDC is a 501(c)(3) not-for-profit organization for income tax purposes and is exempt from income taxes under §501(a) of the Internal Revenue Code.

Subsequent Events

ILDC 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.

2. Loans Receivable

The microenterprise revolving loan program was originally funded through a Community Development Block Grant (CDBG). Loans receivable maintained in the Erie County BDF are restricted pursuant to the original grant terms.

Loans made to local businesses from the Erie County BDF complement private financing at an interest rate of 2% with varying repayment terms. In 2022, ILDC began to provide microenterprise forgivable loans that may provide up to 50% of loan forgiveness if certain criteria are met by the borrower.

ILDC previously provided a \$750,000 forgivable loan to a borrower. During 2025, the borrower met requirements for the first \$150,000 installment to be forgiven. The remainder of the balance of the loan will be forgiven in installments of \$150,000 from 2026 through 2029 as long as the borrower continues to meet certain job creation and retention requirements as set forth in the agreement. At December 31, 2025 and 2024, the balance of the loan was \$600,000 and \$750,000, respectively is included in loans receivable and fully recognized in the allowance for uncollectible loans. The following is a summary of the loans receivable:

	2025	2024
Current status	\$ 1,616,318	\$ 1,828,254
Less allowance	1,342,603	1,476,012
	273,715	352,242
Less current portion	120,915	119,677
	<u>\$ 152,800</u>	<u>\$ 232,565</u>

Following is a summary of the activity in the allowance for uncollectible loans:

	2025	2024
Balance, beginning of year	\$ 1,476,012	\$ 1,429,132
Additions charged to operations	48,091	46,880
Reduction in allowances	(181,500)	-
	<u>\$ 1,342,603</u>	<u>\$ 1,476,012</u>

Scheduled maturities, net of allowances, for the next five years and thereafter are as follows:

	Principal	Interest
2026	\$ 120,915	\$ 15,651
2027	79,727	9,880
2028	43,184	5,102
2029	18,170	1,997
2030	11,535	462
Thereafter	184	26
	<u>\$ 273,715</u>	<u>\$ 33,118</u>

3. Special Project Grants

Special project grants are comprised of the following:

Bethlehem Phase II

In connection with Phase II of the Renaissance Commerce Park redevelopment, ILDC authorized the execution of a \$1,755,000 grant from Empire State Development (ESD) as Phase I of a capital grant under the Buffalo Billion II Initiative. Proceeds from this grant are used to acquire additional vacant Brownfield property at Renaissance Commerce Park, purchase a right-of-way along the eastern edge of the property, and plan for the Lackawanna-Woodlawn State Park Shoreline trail.

Phase II of the capital grant in the amount of \$7,695,000 under the Buffalo Billion II initiative was authorized by ILDC in 2021. Proceeds from this grant are used toward the design and construction of infrastructure improvements including additional environmental remediation, construction of new roads, and installation of utility corridors.

In 2025, ILDC authorized a \$2,400,000 grant from Erie County. Proceeds from this grant are to be used for the construction of new roadways extending Odell Street and Ridge Road into the Renaissance Commerce Park.

Bethlehem EDA

In 2022, ILDC authorized a \$2,680,000 grant from the U.S. Department of Commerce Economic Development Administration (EDA). Proceeds from this grant are used for the construction of water and sewer systems to facilitate development of land at Renaissance Commerce Park.

Angola Agribusiness Park

ILDC previously received grants from National Grid for \$354,000, Erie County for \$2,730,000, and ESD for \$250,000 for the development of an agribusiness park at the former Angola Airport in Angola, New York.

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

	2025	2024
Bethlehem Phase II	\$ 2,400,000	\$ 3,195,000
Bethlehem EDA	62,106	62,106
Angola Agribusiness Park	2,750,000	3,156,452
	<u>\$ 5,212,106</u>	<u>\$ 6,413,558</u>

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

	2025	2024
Bethlehem Phase II	\$ 4,539,545	\$ 2,529,906
Angola Agribusiness Park	1,047,571	2,820,910
Other	27,111	21,778
	<u>\$ 5,614,227</u>	<u>\$ 5,372,594</u>

4. Land Held for Sale

Land held for sale is recorded at net realizable value based on assessment of the fair value of each project. The net realizable value as of December 31, 2025 and 2024 amounted to \$6,477,657 and \$6,472,145 respectively.

In February 2017, ILDC entered into a funding agreement with ECIDA to accept \$6,700,000 in the form of a partially refundable grant from ECIDA's U.S. Department of Housing and Urban Development Urban Development Action Grant (UDAG) reflow fund in connection with a Brownfield reclamation and redevelopment project at Renaissance Commerce Park in Lackawanna, New York. \$5,700,000 of the grant was earmarked for the purchase of real property, with the remaining \$1,000,000 to be used for carrying costs during and after property acquisition. Additional funding of up to \$700,000 for property acquisition was granted from ECIDA's UDAG reflow fund in September 2017. The initial \$1,000,000 for carrying costs was exhausted during 2023 and ECIDA approved additional funding for necessary carrying costs. As of December 31, 2025 and 2024, \$6,338,416 of the \$6,400,000 total amount granted has been spent on real property. As of December 31, 2025 and 2024, \$1,304,525 and \$1,209,841 for carrying costs was utilized, respectively.

In connection with the Phase I land purchase, ILDC accepted a \$2,780,000 grant from ESD. Proceeds from this grant were used to reimburse ECIDA. In addition, ILDC resolved to remit to ECIDA 50% of the net proceeds received upon the future sale of portions of land at Renaissance Commerce Park acquired using ECIDA grant funds, the aggregate of which is not to exceed \$6,700,000. As of December 31, 2025 and 2024, \$3,637,575 in reimbursements have been made to ECIDA.

In December 2018, ILDC entered into a funding agreement with ECIDA to accept \$1,200,000 in the form of a partially refundable grant from ECIDA's UDAG reflow fund in connection with a redevelopment project at the former Angola Airport site in Angola, New York. \$900,000 of the grant was designated for the purchase of real property, with the remaining \$300,000 to be used for carrying costs during and after property acquisition. As of December 31, 2025 and 2024, \$855,084 of the \$900,000 granted for the purchase of real property was utilized. As of December 31, 2025 and 2024, \$189,881 and \$184,397 of the \$300,000 granted for carrying costs was utilized.

5. Related Party Transactions

ECIDA allocates a portion of its personnel and overhead costs to ILDC when sufficient funds are available. In 2025 and 2024, costs of \$151,495 and \$19,701 were charged to ILDC, respectively. The amount outstanding to ECIDA at December 31, 2025 and 2024 related to these costs amounted to \$175,743 and \$32,781, respectively. In 2023, the ECIDA Board of Directors authorized ILDC to utilize ECIDA's UDAG funding for cash flow purposes while project reimbursements are processed. The amount outstanding to ECIDA at December 31, 2025 and 2024 related to these costs amounted to \$3,453,770 and \$4,216,952, respectively. Amounts due to ECIDA totaled \$3,629,513 and \$4,249,733 at December 31, 2025 and 2024, respectively.

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

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

Supplementary Information
Combining Balance Sheet

December 31, 2025

	Operating	Erie County BDF Program	Total
Assets			
Current assets:			
Cash	\$ 4,413,351	\$ 240,266	\$ 4,653,617
Grants receivable	5,212,106	-	5,212,106
Loans receivable	-	120,915	120,915
Prepaid expenses	186	-	186
	<u>9,625,643</u>	<u>361,181</u>	<u>9,986,824</u>
Noncurrent assets:			
Loans receivable, net	-	152,800	152,800
Capital assets	184,285	-	184,285
Accumulated depreciation	(14,260)	-	(14,260)
Land held for sale	6,477,657	-	6,477,657
	<u>6,647,682</u>	<u>152,800</u>	<u>6,800,482</u>
	<u>\$ 16,273,325</u>	<u>\$ 513,981</u>	<u>\$ 16,787,306</u>
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 177,408	\$ 2,318	\$ 179,726
Due to affiliate	3,607,598	21,915	3,629,513
Unearned revenue	5,614,227	-	5,614,227
	<u>9,399,233</u>	<u>24,233</u>	<u>9,423,466</u>
Net position:			
Net investment in capital assets	170,025	-	170,025
Restricted	-	489,748	489,748
Unrestricted	6,704,067	-	6,704,067
	<u>6,874,092</u>	<u>489,748</u>	<u>7,363,840</u>
	<u>\$ 16,273,325</u>	<u>\$ 513,981</u>	<u>\$ 16,787,306</u>

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

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

For the year ended December 31, 2025

	Operating	Erie County BDF Program	Total
Operating revenues:			
Administrative fees	\$ 550,000	\$ -	\$ 550,000
Rental income	23,667	-	23,667
Interest from loans and other	3,256	19,073	22,329
Total operating revenues	<u>576,923</u>	<u>19,073</u>	<u>595,996</u>
Operating expenses:			
Transfer to Erie County Industrial Development Agency	688,495	13,000	701,495
General and administrative	247,056	9,955	257,011
Provision for uncollectible loans	-	48,091	48,091
Depreciation	4,534	-	4,534
Total operating expenses	<u>940,085</u>	<u>71,046</u>	<u>1,011,131</u>
Operating loss before special project grants	(363,162)	(51,973)	(415,135)
Special project grants:			
Special project grant revenue	2,380,863	24,000	2,404,863
Special project grant expense	(2,032,688)	-	(2,032,688)
Total special project grants	<u>348,175</u>	<u>24,000</u>	<u>372,175</u>
Change in net position	(14,987)	(27,973)	(42,960)
Net position - beginning	<u>6,889,079</u>	<u>517,721</u>	<u>7,406,800</u>
Net position - ending	<u>\$ 6,874,092</u>	<u>\$ 489,748</u>	<u>\$ 7,363,840</u>

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
Buffalo and Erie County Industrial
Land 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 Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of the County of Erie, New York, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise ILDC'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 ILDC'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 ILDC's internal control. Accordingly, we do not express an opinion on the effectiveness of ILDC'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 ILDC'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 ILDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ILDC'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

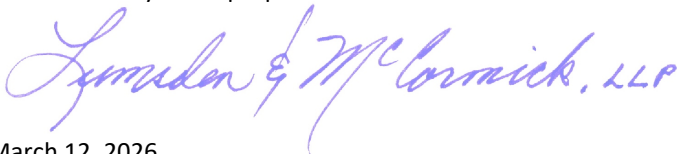
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

The Board of Directors
Buffalo and Erie County Industrial
Land Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Buffalo and Erie County Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of the County of Erie, New York, as of and for the year ended December 31, 2025, and the related notes to the 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 ILDC 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 ILDC'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