

**BUFFALO AND ERIE COUNTY REGIONAL
DEVELOPMENT CORPORATION**

SINGLE AUDIT REPORTING PACKAGE

DECEMBER 31, 2025

Table of Contents

December 31, 2025

Independent Auditors' Report

Management's Discussion and Analysis (Unaudited)

Financial Statements

Balance Sheets

Statements of Revenues, Expenses, and Changes in Net Position

Statements of Cash Flows

Notes to Financial Statements

Supplementary Information

Combining Balance Sheet

Combining Schedule of Revenue, Expenses, and Changes in Net Position

Schedule of Expenditures of Federal Awards (SEFA)

Notes to SEFA

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*

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Schedule of Findings and Questioned Costs

Independent Auditors' Report on Compliance with Section 2925(3)(f) of the New York State Public Authorities Law

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Buffalo and Erie County Regional
Development Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Buffalo and Erie County Regional Development Corporation (RDC), 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 RDC'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 RDC 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 RDC, 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 RDC'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 RDC'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 RDC'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 RDC's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 RDC'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 RDC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RDC'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

Buffalo and Erie County Regional Development Corporation (RDC) was incorporated for the purpose of encouraging the expansion of existing companies in target areas of Erie County (the County) by establishing a revolving loan fund (RLF). The U.S. Department of Commerce Economic Development Administration (EDA) is the oversight body of one of RDC’s RLFs. The EDA released its federal interest in RDC’s Legacy (original) RLF during 2021. In 2020, under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, EDA awarded \$5 million to Erie County Industrial Development Agency (ECIDA) to capitalize a new RLF, which ECIDA sub-granted to RDC to administer. A Loan Administration Plan (LAP) that outlines RDC’s lending processes and goals is approved by EDA every five years.

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

We present the attached overview and analysis of the financial activities of RDC 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 RDC’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 RDC owns (assets and deferred outflows of resources) and what RDC owes (liabilities and deferred inflows of resources). RDC’s assets and deferred outflows of resources less liabilities and deferred inflows of resources (net position) can be one way to measure RDC’s financial position. Over time, increases or decreases in RDC’s net position are an indicator of whether its financial health is improving or deteriorating.
- 2) Statements of Revenues, Expenses, and Changes in Net Position – These statements report RDC’s operating and nonoperating revenues by major sources along with operating and nonoperating expenses. The difference between total revenues and expenses can be one way to measure RDC’s operating results for the year.
- 3) Statements of Cash Flows – These statements report RDC’s cash flows from operating and investing activities.

Financial Highlights

- RDC’s net position increased from \$22,941,000 in 2024 to \$23,320,000 in 2025.
- RDC experienced an increase in net position of \$379,000 in 2025 compared to an increase of \$260,000 in 2024.
- Operating revenues increased 1% from \$581,000 in 2024 to \$585,000 in 2025.
- Operating expenses decreased 20% from \$520,000 in 2024 to \$415,000 in 2025.

Condensed Comparative Financial Statements:

Balance Sheets at December 31:

<i>in thousands</i>	2025	2024	\$ Change	% Change	2023
Assets					
Cash	\$ 5,898	\$ 5,766	\$ 132	2%	\$ 4,287
Investments	3,003	3,020	(17)	(1%)	-
Prepaid expenses	-	3	(3)	(100%)	-
Loans receivable, net	14,757	14,476	281	2%	18,709
Total assets	\$ 23,658	\$ 23,265	\$ 393	2%	\$ 22,996
Liabilities					
Accounts payable	\$ 11	\$ 2	\$ 9	450%	\$ 2
Due to affiliate	327	322	5	2%	300
Unearned revenue	-	-	-	-	13
Total liabilities	338	324	14	4%	315
Net position					
Restricted	4,624	4,616	8	0%	4,603
Unrestricted	18,696	18,325	371	2%	18,078
Total net position	23,320	22,941	379	2%	22,681
Total liabilities and net position	\$ 23,658	\$ 23,265	\$ 393	2%	\$ 22,996

RDC's cash balance increased 2% or \$132,000 primarily due to several loans repaid ahead of schedule, offset an increase in loan disbursements in 2025. The cash increase from \$4,287,000 in 2023 to \$5,766,000 in 2024 was a result of several large loans repaid ahead of schedule and fewer loan disbursements. Year over year cash fluctuations typically correspond with changes in loans receivable. RDC continued to invest in U.S. Treasury Bills of \$3,003,000 in 2025 to earn higher yields on idle cash.

Loans receivable relate to the RLFs operated by RDC, net of an allowance. Loans receivable increased \$281,000 or 2% from 2024 to 2025, due to \$3,595,000 of principal repayments and a \$27,000 increase to the allowance, net of \$3,903,000 of new loans closed during 2025. The decrease in loans receivable from \$18,709,000 in 2023 to \$14,476,000 in 2024 was due to loan repayments in excess of loans disbursed in 2024.

Due to affiliate reflects the amount due to ECIDA under a shared services agreement for personnel and overhead at the end of the year. The \$5,000 increase in due to affiliate from 2024 to 2025 is due to increases to the hourly rates of ECIDA employees. The increase in amounts due to affiliate from \$300,000 in 2023 to \$322,000 in 2024 was due to increases in hourly rates and the number of hours dedicated to RDC activities.

Unearned revenue reflects a portion of the CARES Act sub-grant funds received that were not spent as of the end of the year. The \$13,000 or 100% decrease from 2023 to 2024 was due to recognition of the remaining grant revenue in 2024.

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 revenues:					
Interest from loans	\$ 566	\$ 576	\$ (10)	(2%)	\$ 652
Loan commitment fees	19	4	15	375%	21
Total operating revenues	585	580	5	1%	673
Operating expenses:					
General and administrative	\$ 387	\$ 359	\$ 28	8%	\$ 351
Provision for uncollectible loans (recoveries)	28	161	(133)	(83%)	(27)
Total operating expenses	415	520	(105)	(20%)	324
Operating income	170	60	110	183%	349
Nonoperating revenues					
Interest income	209	187	22	12%	73
Grant contributions	-	13	(13)	(100%)	84
Total nonoperating revenues	209	200	9	5%	157
Change in net position	\$ 379	\$ 260	\$ 119	46%	\$ 506

Revenue Analysis

Interest from loans is collected from borrowers in accordance with the terms of each promissory note. RDC loans bear interest at rates ranging from 1.0% to 5.5%, in accordance with the Loan Administration Plan provisions in effect at the time the loan is approved. Interest from loans decreased \$10,000, or 2%, from 2024 to 2025 because loans awarded in 2024 were lower than average, leading to less interest collected on those loans in 2025. Interest decreased from \$652,000 in 2023 to \$576,000 in 2024 due to a decrease in loans receivable.

Loan commitment fees are generally charged on loans greater than \$100,000. Commitment fees vary from year to year depending on individual loan amounts. In 2025, there were three loans that incurred commitment fees of \$19,000. In 2024 there were four loans that incurred commitment fees of \$4,000. In 2023 there were four loans that incurred commitment fees of \$21,000.

Expense Analysis

In 2025, general and administrative expenses increased \$28,000 from \$359,000 to \$387,000. The increase is due to increases in targeted marketing costs, the ECIDA management fee, and legal costs. In 2024, RDC incurred an increased ECIDA management fee, leading to an increase in general and administrative expenses of \$8,000.

Provision for uncollectible loans consists of the amount of loan loss expense in a year, net of any recoveries for loans previously written off. In 2025, the net expense was due to increases in the allowance of \$68,000 net of \$40,000 of loan recoveries. One loan of \$27,000 was written off. In 2024, the net expense was due to increases in the allowance of \$161,000. No loans were written off in 2024. In 2023 there was a reduction of \$27,000 in the reserve and two loans totaling \$105,000 were written off.

Grant contributions relate directly to amounts granted from ECIDA under the CARES Act RLF established in 2022. Beginning in 2025, there are no further grant funds available to allocate administrative costs. In 2024, \$13,000 of administrative costs were charged to this grant, compared to \$84,000 in 2023.

Budget to Actual Analysis for the year ended December 31, 2025:

RDC 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 RDC's performance compared to the approved 2025 budget.

<i>in thousands</i>	Actual	Budget	\$ Variance	% Variance
Operating revenues:				
Interest from loans	\$ 566	\$ 600	\$ (34)	(6%)
Loan commitment fees	19	18	1	6%
Total operating revenues	585	618	(33)	(5%)
Operating expenses:				
General and administrative	\$ 387	\$ 372	\$ 15	4%
Provision for uncollectible loans (recoveries)	28	300	(272)	(91%)
Total operating expenses	415	672	(257)	(38%)
Operating income (loss)	170	(54)	224	(415%)
Nonoperating revenues				
Interest and other income	209	80	129	161%
Change in net position	\$ 379	\$ 26	\$ 353	1,358%

Overall, RDC exceeded its budgeted increase in net position for 2025 by \$353,000. Total operating revenue was \$33,000, or 5%, below budget due to lower than anticipated interest income from loans in 2025. Total expenses were \$257,000, or 38%, below budget. This was due mainly to the lower than expected provision for uncollectible loans. Nonoperating revenue outpaced the budget by \$129,000, or 161%, due to an increase in cash on hand for much of 2025.

Economic Factors Impacting RDC

RDC relies upon loan interest income to generate revenue for continued operations. As a result of economic conditions and borrowers' ability to repay, RDC'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 RDC's finances. Questions concerning any of the financial information provided in this report should be addressed to the CFO of RDC at (716) 856-6525. General information relating to RDC can be found on ECIDA's website, www.ecidany.com.

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

Balance Sheets

December 31,	2025	2024
Assets		
Current assets:		
Cash	\$ 5,897,824	\$ 5,766,406
Investments	3,003,265	3,019,806
Prepaid expenses	-	2,500
Loans receivable (Note 2)	3,290,724	3,200,448
	<u>12,191,813</u>	<u>11,989,160</u>
Noncurrent assets:		
Loans receivable, net (Note 2)	<u>11,465,815</u>	<u>11,275,861</u>
	<u>\$ 23,657,628</u>	<u>\$ 23,265,021</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 10,991	\$ 1,814
Due to affiliate (Note 3)	326,804	322,042
	<u>337,795</u>	<u>323,856</u>
Net position:		
Restricted	4,623,776	4,615,947
Unrestricted	18,696,057	18,325,218
	<u>23,319,833</u>	<u>22,941,165</u>
	<u>\$ 23,657,628</u>	<u>\$ 23,265,021</u>

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

Statements of Revenues, Expenses, and Changes in Net Position

For the years ended December 31,	2025	2024
Operating revenues:		
Interest from loans	\$ 566,443	\$ 576,778
Loan commitment fees	18,500	4,050
Total operating revenues	<u>584,943</u>	<u>580,828</u>
Operating expenses:		
General and administrative	386,918	359,450
Provision for uncollectible loans (recoveries), net	28,016	160,953
Total operating expenses	<u>414,934</u>	<u>520,403</u>
Operating income	<u>170,009</u>	60,425
Nonoperating revenues:		
Interest income	208,659	187,176
Grant contributions	-	12,509
Total nonoperating revenues	<u>208,659</u>	<u>199,685</u>
Change in net position	378,668	260,110
Net position - beginning	<u>22,941,165</u>	<u>22,681,055</u>
Net position - ending	\$ 23,319,833	\$ 22,941,165

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

Statements of Cash Flows

For the years ended December 31,	2025	2024
Operating activities:		
Payments collected on loans receivable	\$ 3,594,956	\$ 4,997,214
Loan interest and fees	584,943	580,828
Loans awarded	(3,903,202)	(926,000)
Payments to vendors and affiliates	(370,479)	(340,463)
Net operating activities	(93,782)	4,311,579
Investing activities:		
Purchase of investments	16,541	(3,019,806)
Interest income	208,659	187,176
Net investing activities	225,200	(2,832,630)
Change in cash	131,418	1,478,949
Cash - beginning	5,766,406	4,287,457
Cash - ending	\$ 5,897,824	\$ 5,766,406
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 170,009	\$ 60,425
Adjustments to reconcile operating income to net cash flows from operating activities:		
Provision for uncollectible loans	28,016	160,953
Changes in other assets and liabilities:		
Loans receivable	(308,246)	4,071,214
Prepaid expenses	2,500	(2,500)
Accounts payable	9,177	(227)
Due to affiliate	4,762	21,714
	\$ (93,782)	\$ 4,311,579

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Organization

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

RDC has related party relationships with Erie County Industrial Development Agency (ECIDA) and Buffalo and Erie County Industrial Land Development Corporation (ILDC). All three entities are managed by the same personnel and 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 retention for businesses and individuals which improves the quality of life for the residents of the region.

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

Basis of Presentation

The financial statements of RDC 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.

Measurement Focus

RDC 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. RDC'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.

RDC'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, and payments made to purchase those goods or services. Certain other transactions are reported as nonoperating activities and include RDC's interest income from deposits and grants resulting from nonexchange transactions. Grants are recognized as revenue when all eligibility requirements imposed by the provider have been satisfied.

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 RDC'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, RDC'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, RDC's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging bank's agent in RDC's name.

Investments include U.S. Treasury Bills with original maturities in excess of three months that are stated at fair value on a recurring basis as determined by quoted prices in active markets.

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.

Net Position

Net position consists of two components:

- *Restricted* – consists of restricted assets reduced by related liabilities. Restrictions are imposed by external organizations such as federal or state laws.
- *Unrestricted* – the net amount of assets and deferred outflows of resources less liabilities that are not included in the restricted component of net position and therefore are available for general use.

Income Taxes

Although the financial statements are required to be reported as a governmental entity, RDC 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

RDC 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 legacy revolving loan program was originally established through multiple grants received between 1979 and 1983 from the U.S. Economic Development Administration (EDA) amounting to \$7,000,000. Matching funds totaling \$5,250,500 were also received from various sources. The EDA released its federal interest in the legacy revolving loan fund (RLF) as of September 30, 2021 through the Reinvigorating Lending for the Future Act, due to the RLF operating satisfactorily for at least seven years beyond the disbursement of grant funds.

During 2020, RDC was awarded an EDA grant (passed through ECIDA) totaling \$5,415,694 as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act to establish the CARES Act RLF to assist the region in response to the COVID-19 pandemic. Initial loan terms included one year interest-free, one year of interest-only payments, and then principal payments begin in the third year. The grant was fully spent as of December 31, 2024.

Loans awarded to local businesses bear interest at rates ranging from 1% to 5.5% with varying repayment terms. The following is a summary of loans receivable:

	2025	2024
Current status	\$ 15,224,045	\$ 15,031,262
Past due	128,376	-
	<u>15,352,421</u>	<u>15,031,262</u>
Less allowance	595,882	554,953
	<u>14,756,539</u>	<u>14,476,309</u>
Less current portion	3,290,724	3,200,448
	<u>\$ 11,465,815</u>	<u>\$ 11,275,861</u>

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

	2025	2024
Balance, beginning of year	\$ 554,953	\$ 394,000
Additions charged to operations	68,086	160,953
Reduction in allowance	(27,157)	-
	<u>\$ 595,882</u>	<u>\$ 554,953</u>

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

	Principal	Interest
2026	\$ 3,290,724	\$ 548,360
2027	3,213,852	431,038
2028	2,399,262	326,193
2029	1,922,354	233,422
2030	1,665,483	156,343
Thereafter	<u>2,264,864</u>	<u>175,871</u>
	<u>\$ 14,756,539</u>	<u>\$ 1,871,227</u>

3. Related Party Transactions

ECIDA allocates a portion of its personnel and overhead costs to RDC based on a cost allocation plan. Costs allocated by ECIDA and included in general and administrative expenses amounted to \$309,162 and \$300,991 for the years ended December 31, 2025 and 2024. Amounts owed to ECIDA at December 31, 2025 and 2024 totaled \$326,804 and \$322,042, respectively.

4. Contingencies

Grants

RDC receives financial assistance from government agencies in the form of grants. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of RDC. Based on prior experience, management expects such amounts, if any, to be immaterial.

5. Commitments

Outstanding loan commitments approved but not yet paid totaled \$325,000 at December 31, 2025.

RDC has approved a line of credit to a local business totaling \$100,000 with interest at 3%. At December 31, 2025 and 2024, \$24,550 and \$18,300 are outstanding with \$75,450 and \$81,700 available to be disbursed.

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

**Supplementary Information
Combining Balance Sheet**

December 31, 2025

	Legacy Account	CARES Act Account	Total
Assets			
Current assets:			
Cash	\$ 3,253,799	\$ 2,644,025	\$ 5,897,824
Investments	3,003,265	-	3,003,265
Loans receivable	2,451,791	838,933	3,290,724
	<u>8,708,855</u>	<u>3,482,958</u>	<u>12,191,813</u>
Noncurrent assets:			
Loans receivable, net	10,266,518	1,199,297	11,465,815
	<u>\$ 18,975,373</u>	<u>\$ 4,682,255</u>	<u>\$ 23,657,628</u>
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 10,991	\$ -	\$ 10,991
Due to affiliate	268,325	58,479	326,804
	<u>279,316</u>	<u>58,479</u>	<u>337,795</u>
Net position:			
Restricted	-	4,623,776	4,623,776
Unrestricted	18,696,057	-	18,696,057
	<u>18,696,057</u>	<u>4,623,776</u>	<u>23,319,833</u>
	<u>\$ 18,975,373</u>	<u>\$ 4,682,255</u>	<u>\$ 23,657,628</u>

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

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

For the year ended December 31, 2025

	Legacy Account	CARES Act Account	Total
Operating revenues:			
Interest from loans	\$ 528,053	\$ 38,390	\$ 566,443
Loan commitment fees	17,500	1,000	18,500
Total operating revenues	<u>545,553</u>	<u>39,390</u>	<u>584,943</u>
Operating expenses:			
General and administrative	317,448	69,470	386,918
Provision for uncollectible loans (recoveries), net	28,016	-	28,016
Total operating expenses	<u>345,464</u>	<u>69,470</u>	<u>414,934</u>
Operating income (loss)	<u>200,089</u>	<u>(30,080)</u>	<u>170,009</u>
Nonoperating revenues:			
Interest income	<u>170,750</u>	<u>37,909</u>	<u>208,659</u>
Change in net position	370,839	7,829	378,668
Net position - beginning	<u>18,325,218</u>	<u>4,615,947</u>	<u>22,941,165</u>
Net position - ending	<u>\$ 18,696,057</u>	<u>\$ 4,623,776</u>	<u>\$ 23,319,833</u>

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended December 31, 2025

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Grantor Number</u>	<u>Expenditures</u>
<u>U.S. Department of Commerce:</u>			
Passed through Erie County Industrial Development Agency			
COVID-19 - Economic Adjustment Assistance	11.307	01-79-15022	\$ 5,125,725

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs administered by Buffalo and Erie County Regional Development Corporation (RDC), an entity as defined in Note 1 to RDC's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the SEFA.

Expenditures are calculated as required by the Uniform Guidance or the applicable program and do not constitute actual program disbursements. All expenditures reported on the SEFA represent revolving loan programs.

The COVID-19 Economic Adjustment Assistance program, administered by the EDA, specifically requires the amount on the SEFA to be calculated as follows:

Cash	\$ 2,644,025
Balance of loans outstanding	2,385,073
Administrative expenses	69,470
Loan write-offs	27,157
	<hr/>
	5,125,725
Total EDA share	100%
	<hr/>
	\$ 5,125,725

Basis of Accounting

RDC uses the accrual basis of accounting for each federal program, consistent with the financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with RDC's financial reporting system.

Indirect Costs

RDC has not elected to use the de minimis indirect cost rate as allowed under the Uniform Guidance. Furthermore, RDC has not received Federal awards that include indirect cost reimbursement for the year ended December 31, 2025.

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 Regional
Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Buffalo and Erie County Regional Development Corporation (RDC), 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 RDC'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 RDC'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 RDC's internal control. Accordingly, we do not express an opinion on the effectiveness of RDC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 RDC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 RDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RDC'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 FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors
Buffalo and Erie County Regional
Development Corporation

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Buffalo and Erie County Regional Development Corporation (RDC), a business-type activity, with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of RDC's major federal programs for the year ended December 31, 2025. RDC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, RDC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of RDC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of RDC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding RDC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of RDC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of RDC's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Symaden & McCormick, LLP

March 12, 2026

Schedule of Findings and Questioned Costs

For the year ended December 31, 2025

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
COVID-19 - Economic Adjustment Assistance	11.307	<u>\$ 5,125,725</u>

Dollar threshold used to distinguish between type A and type B programs: \$1,000,000

Auditee qualified as low-risk auditee? Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.

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 Regional
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 Regional Development Corporation (RDC), a business-type activity, as of and for the year ended December 31, 2025, and the related notes to the 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 RDC 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 RDC'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