

AUDITED FINANCIAL STATEMENTS

**ERIE COUNTY INDUSTRIAL DEVELOPMENT
AGENCY**

DECEMBER 31, 2020

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Erie County Industrial Development Agency
Buffalo, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2021 on our consideration of the ECIDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the ECIDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ECIDA's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Buffalo, New York
March 24, 2021

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis

**December 31, 2020
(UNAUDITED)**

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

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

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

In 2020 the ECIDA was significantly impacted by the COVID-19 pandemic and state of emergency declaration in New York State. ECIDA worked diligently with economic development partners in Erie County to provide assistance and support to businesses negatively impacted by the pandemic. In 2020, certain sections of New York State General Municipal Law were amended and allowed industrial development agencies in the State to provide financial assistance in the form of loans and/or grants to eligible small businesses and not-for-profit corporations in an effort to alleviate the financial hardship caused by the COVID-19 pandemic. ECIDA established a COVID-19 Disaster Emergency Grant Program in July 2020, with an initial funding allocation of \$500,000 of ECIDA general funds. Several references are made in this MD&A to the pandemic and ECIDA grant program.

Basic Overview of the Financial Statements

Included in this report are the following financial statements:

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

Financial Highlights

- ECIDA's total net position decreased by 7% from \$22,622,000 in 2019 to \$21,098,000 in 2020.
- ECIDA experienced a decrease in net position of \$1,524,000 in 2020 compared to an increase of \$507,000 in 2019.
- Administrative fees, a key source of revenue for ECIDA, increased 16% from \$1,591,000 in 2019 to \$1,850,000 in 2020.
- Net special project grants decreased to a loss of \$1,363,000 in 2020 from \$853,000 of income in 2019.
- Operating expenses decreased 3% from \$2,827,000 in 2019 to \$2,747,000 in 2020.

Condensed Comparative Financial Statements:

1. Statements of Net Position:

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

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

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2018</u>
Assets:					
Cash	\$ 18,670	\$ 19,023	\$ (353)	-2%	\$ 17,302
Loans receivable, net of allowance	-	56	(56)	-100%	97
Capital assets, net	1,249	1,358	(109)	-8%	1,444
Other assets	2,088	1,722	366	21%	3,574
Restricted cash	6,289	7,939	(1,650)	-21%	7,373
Total assets	\$ 28,296	\$ 30,098	\$ (1,802)	-6%	\$ 29,790
Liabilities:					
Current liabilities	\$ 1,064	\$ 691	\$ 373	54%	\$ 1,377
Funds held on behalf of others	6,134	6,786	(652)	-10%	6,242
Other long-term liabilities	-	-	-	0%	56
Total liabilities	7,198	7,477	(279)	-4%	7,675
Net position:					
Investment in capital assets	1,249	1,358	(109)	-8%	1,444
Restricted	11,647	13,009	(1,362)	-10%	12,131
Unrestricted	8,202	8,255	(53)	-1%	8,540
Total net position	21,098	22,622	(1,524)	-7%	22,115
Total liabilities and net position	\$ 28,296	\$ 30,099	\$ (1,803)	-6%	\$ 29,790

Cash – ECIDA's cash balance decreased 2% or \$353,000 primarily due to an increase in receivables of \$524,000. The increase in cash from 2018 to 2019 was a result of the collection of grants receivable of \$1,883,000 and an increase in net position of \$507,000.

Loans Receivable – Loans receivable represents conduit receivables. The \$56,000 decrease in the loans receivable balance is due to the final conduit loan repayments received during 2020.

Restricted Cash (Funds held on behalf of others) – Restricted cash consists primarily of funds held on behalf of others including the Buffalo Brownfields Redevelopment fund, Regional Redevelopment fund and PILOT Increment Financing (PIF) funds. Also included are investment sales proceeds held in escrow. The \$1,650,000 or 21% decrease from 2019 is due to a decrease in the sales proceeds held in escrow of \$1,000,000 and a decrease of \$762,000 in the Buffalo Brownfields Redevelopment Fund. Sales proceeds held in escrow were released during 2020 and there were continued temporary borrowings from the Buffalo Brownfields Redevelopment Fund by Buffalo Urban Development Corporation.

Other Assets – Other assets include ECIDA’s grants receivable, venture capital investments, affiliate receivables, prepaid expenses, and other receivables. The increase in other assets of \$366,000 from 2019 to 2020 is primarily due to an increase in grants receivable of \$500,000, with the award of a new grant during the year. This increase was offset by a \$127,000 decrease in investments. The decrease in other assets between 2018 and 2019 also related mainly to a decrease in grants receivable of \$1,883,000.

Current Liabilities – The \$373,000 increase in current liabilities from 2019 to 2020 is primarily due to a \$581,000 increase in unearned revenue related to grant funds awarded but not yet expended, offset by a \$137,000 decrease in accounts payable. The decrease in current liabilities between 2018 and 2019 related to a decrease in unearned revenue of \$398,000 and a decrease in accounts payable of \$320,000.

Other Long-Term Liabilities – Other long-term liabilities primarily consisted of conduit debt. There has been no long-term portion of conduit debt outstanding in 2020 or 2019. The decrease from 2018 to 2019 was due to payments on loan participation agreements made in 2019.

2. Change in Net Position:

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

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

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2018</u>
Revenue:					
Administrative fees	\$ 1,850	\$ 1,591	\$ 259	16%	\$ 1,201
Affiliate management fees	387	363	24	7%	429
Other income	439	388	51	13%	570
Total revenue	<u>\$ 2,676</u>	<u>\$ 2,342</u>	<u>\$ 334</u>	<u>14%</u>	<u>\$ 2,200</u>
Expenses:					
Salaries and benefits	\$ 2,004	\$ 1,982	\$ 22	1%	\$ 2,017
General and administrative	625	726	(101)	-14%	791
Depreciation and other	118	119	(1)	-1%	119
Total expenses	<u>2,747</u>	<u>2,827</u>	<u>(80)</u>	<u>-3%</u>	<u>2,927</u>
Operating loss before special project grants	(71)	(485)	414	-85%	(727)
Special grants and nonoperating revenue					
Net special project grants	(1,363)	853	(2,216)	-260%	1,084
Investment income (loss)	(127)	32	(159)	-497%	42
Interest income	37	107	(70)	-65%	58
Change in net position	<u>\$ (1,524)</u>	<u>\$ 507</u>	<u>\$ (2,031)</u>	<u>-401%</u>	<u>\$ 457</u>

3. Revenue Analysis:

Administrative Fees – Administrative fees are primarily collected from the issuance of various forms of tax abatements and tax-exempt financing. Fees for tax abatements are based on the amount of project investment. ECIDA relies on these fees to cover its operating costs; however, the amount of fees collected in any given year is largely dependent upon the local economic climate and the timing between project approval and project commencement. Administrative fees increased \$259,000 or 16% in 2020 primarily due to an increase in the average size of project investment from \$16 million in 2019 to \$24 million in 2020. Also during 2020, one project was closed through ILDC that generated \$382,000 of administrative fees that were passed-through to ECIDA, compared to two projects that generated \$166,000 of administrative fees in 2019.

Affiliate Management Fees – Affiliate management fees represent salaries and overhead costs charged to the following ECIDA affiliates for services that ECIDA’s employees provide to these organizations:

- Buffalo & Erie County Regional Development Corporation (RDC) – a lending corporation affiliated with ECIDA.
- Buffalo & Erie County Industrial Land Development Corporation (ILDC) – a land development corporation affiliated with ECIDA.

The following table (Table 3) illustrates the amounts charged to ECIDA’s affiliated corporations in 2020 with comparisons for 2019 and 2018:

Table 3
Affiliate Management Fees for the Years ended December 31, 2020, 2019 and 2018
(Amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2018</u>
Affiliate Management Fees Charged:					
RDC	\$ 292	\$ 302	\$ (10)	-3%	\$ 352
ILDC	95	61	34	56%	77
Total Affiliate Management Fees	<u>\$ 387</u>	<u>\$ 363</u>	<u>\$ 24</u>	<u>7%</u>	<u>\$ 429</u>

Affiliate management fees charged to RDC decreased \$10,000 or 10% primarily due to increased staff time on ILDC’s micro-loan fund in 2020. Those charged to ILDC increased \$34,000 or 34% due to an increase in ECIDA staff time spent on ILDC’s projects during 2020. ILDC’s micro-loan fund had an increase in activity in 2020, and the ILDC purchased additional property, while continuing to develop property that was already owned.

Other Income – Other income is comprised of rental income, international division revenues, loan interest, and miscellaneous income. The increase of \$51,000 or 13% in 2020 is due mainly to an increase in rental income related to one of ECIDA’s properties, which can vary from year to year. The decrease in 2019 from 2018 related to the recovery of a previously written off loan of \$150,000 in 2018 that inflated miscellaneous income for that year.

4. Expense Analysis:

Salaries and Benefits – Increase of \$22,000 in 2020 is primarily due to a \$39,000 increase in accrued leave and a \$16,000 increase in health insurance expenses. Many employees ended 2020 with larger than usual accrued leave balances due to less paid time off used in 2020. There were also payments to two employees who ended their employment with the Agency during the year. Health insurance costs increased due to increased premiums. These increases were offset by a \$36,000 decrease in payroll expense, due to two employees leaving the Agency in 2020.

General and Administrative – In 2020, General and Administrative expenses decreased \$101,000 from \$726,000 to \$625,000. Key expense differences in 2020 include the following:

- Sponsorship expenses decreased \$49,000 due to the expiration of an agreement with an economic development partner and a decrease in event sponsorships as a result of the COVID-19 pandemic.
- Conference and travel-related expenses decreased \$24,000 due to the cancellation of in-person conferences and events due to the COVID-19 pandemic.
- Legal expenses decreased \$17,000 because of decreased need for legal services.

Depreciation – Depreciation expense was \$117,000 for 2020 compared to \$119,000 for 2019.

Net Special Project Grants – Net Special Project Grants decreased from a net gain of \$853,000 in 2019 to a net loss of \$1,363,000 in 2020. In 2020, ECIDA granted \$855,000 to ILDC for the acquisition of property at the former Angola Airport site. ECIDA also established a COVID-19 Personal Protective Equipment (PPE) Grant program in 2020 in response to the state of emergency declared in New York State. \$57,000 of grants were expended in 2020. In 2019, \$1,390,000 was reimbursed to ECIDA for the acquisition of property and certain other costs related to the Bethlehem Steel project, as well as \$375,000 from the sale of property at the site. Those reimbursements were the drivers of the net gain in 2019.

Investment Income (Loss) – The investment loss of \$127,000 is due to a valuation decrease of one of ECIDA’s venture capital investments.

5. Budget Analysis:

ECIDA prepares an annual budget which was presented and approved by the Board of Directors on October 23, 2019. The following table (Table 4) presents an analysis of ECIDA’s performance compared to the approved 2020 budget.

Table 4
Budget to Actual Analysis for the year ended December 31, 2020
(Amounts in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenue:				
Administrative fees	\$ 1,850	\$ 1,900	\$ (50)	-3%
Affiliate management fees	387	405	(18)	-4%
Other income	439	440	(1)	0%
Total revenue	<u>2,676</u>	<u>2,745</u>	<u>(69)</u>	<u>-3%</u>
Expenses:				
Salaries and benefits	2,004	2,114	(110)	-5%
General and administrative	625	786	(161)	-20%
Depreciation and other	118	140	(22)	-16%
Total expenses	<u>2,747</u>	<u>3,040</u>	<u>(293)</u>	<u>-10%</u>
Operating loss before special project grants	(71)	(295)	224	-76%
Net special project grants	(1,363)	(2,572)	1,209	-47%
Investment income (loss)	(127)	-	(127)	100%
Interest income	37	105	(68)	-65%
Change in net position	<u>\$ (1,524)</u>	<u>\$ (2,762)</u>	<u>\$ 1,238</u>	<u>-45%</u>

Budget to Actual Analysis:

Overall, ECIDA exceeded its budgeted decrease in net position for 2020 by \$1,238,000. Total revenue was 3% below the budgeted amount due to both administrative fees and affiliate management fees below budgeted amounts. Total expenses were \$293,000, or 10%, below budget. Net special project grants had a positive variance of \$1,209,000 as some of the budgeted special projects were not funded in 2020, including \$1,000,000 of venture capital activity and \$1,000,000 for a forgivable attraction loan, which were included in the budget as a placeholder. Interest income fell \$68,000 below budget, due to sharp decreases in interest rates as a result of the COVID-19 pandemic.

6. Economic Factors Impacting ECIDA:

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

7. Requests for Information:

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

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF NET POSITION
DECEMBER 31,**

ASSETS	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 18,669,826	\$ 19,023,148
Receivables		
Current portion of conduit loans	-	56,294
Affiliates	577,111	553,651
Grants	831,498	331,434
Other	126,734	126,649
Prepaid expenses	45,558	76,118
Total current assets	<u>20,250,727</u>	<u>20,167,294</u>
Noncurrent assets:		
Capital assets, net	1,249,227	1,358,104
Investments	506,886	634,061
Restricted cash	6,289,218	7,939,159
Total noncurrent assets	<u>8,045,331</u>	<u>9,931,324</u>
 Total assets	 <u>\$ 28,296,058</u>	 <u>\$ 30,098,618</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 74,652	\$ 211,642
Accrued expenses	164,444	179,329
Current portion of conduit debt	-	56,294
Unearned revenue	825,000	243,707
Total current liabilities	<u>1,064,096</u>	<u>690,972</u>
Noncurrent liabilities:		
Funds held on behalf of others	6,134,119	6,785,656
Total noncurrent liabilities	<u>6,134,119</u>	<u>6,785,656</u>
 Total liabilities	 <u>7,198,215</u>	 <u>7,476,628</u>
NET POSITION		
Investment in capital assets	1,249,227	1,358,104
Restricted	11,646,524	13,008,827
Unrestricted	8,202,092	8,255,059
Total net position	<u>21,097,843</u>	<u>22,621,990</u>
 Total liabilities and net position	 <u>\$ 28,296,058</u>	 <u>\$ 30,098,618</u>

See accompanying notes.

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

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Administrative fees	\$ 1,850,078	\$ 1,590,700
Affiliate management fees and related income	387,152	363,803
Rental income	287,717	246,217
Loan interest	-	21
Other income	150,651	141,856
Total operating revenues	<u>2,675,598</u>	<u>2,342,597</u>
Operating expenses:		
Salaries and benefits	2,003,970	1,982,021
General and administrative	624,717	726,329
Depreciation	117,025	118,825
Other expenses	973	595
Total operating expenses	<u>2,746,685</u>	<u>2,827,770</u>
Operating loss before special project grants	(71,087)	(485,173)
Special project grants:		
Revenues	112,937	2,236,240
Expenses	(1,475,907)	(1,382,771)
Net income (loss) from special project grants	<u>(1,362,970)</u>	<u>853,469</u>
Operating income (loss)	(1,434,057)	368,296
Nonoperating revenues (expenses):		
Investment income (loss)	(127,175)	31,915
Interest income	37,085	107,000
Total nonoperating revenues (expenses)	<u>(90,090)</u>	<u>138,915</u>
Change in net position	(1,524,147)	507,211
Net position - beginning of year	<u>22,621,990</u>	<u>22,114,779</u>
Net position - end of year	<u>\$ 21,097,843</u>	<u>\$ 22,621,990</u>

See accompanying notes.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from fees and rental income	\$ 2,137,710	\$ 1,808,145
Cash received from special project grants	194,166	3,721,462
Loan repayments and loan interest collected	-	3,198
Cash received from affiliates and other sources	514,343	514,282
Payments to employees, suppliers, and other	(2,750,975)	(3,026,465)
Payments for special project grants	(1,475,907)	(1,382,771)
Net cash provided (used) by operating activities	<u>(1,380,663)</u>	<u>1,637,851</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(8,148)	(33,396)
Net cash used by capital and related financing activities	<u>(8,148)</u>	<u>(33,396)</u>
Cash flows from investing activities:		
Change in restricted cash, net of funds held on behalf of others	998,404	(22,062)
Cash received from equity investments	-	31,915
Interest	37,085	107,000
Net cash provided by investing activities	<u>1,035,489</u>	<u>116,853</u>
Net increase (decrease) in cash and cash equivalents	(353,322)	1,721,308
Cash and cash equivalents - beginning of year	<u>19,023,148</u>	<u>17,301,840</u>
Cash and cash equivalents - end of year	<u>\$ 18,669,826</u>	<u>\$ 19,023,148</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (1,434,057)	\$ 368,296
Adjustment to reconcile income from operations to net cash provided (used) by operating activities:		
Depreciation expense	117,025	118,825
(Increase) decrease in receivables	(523,609)	1,865,942
(Increase) decrease in prepaid expenses	30,560	(10,241)
Decrease in accounts payable	(136,990)	(319,810)
Increase (decrease) in accrued expenses	(14,885)	12,531
Increase (decrease) in unearned revenue	581,293	(397,692)
Net cash provided (used) by operating activities	<u>\$ (1,380,663)</u>	<u>\$ 1,637,851</u>

See accompanying notes.

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**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

B. BASIS OF PRESENTATION

Revenues from administrative fees, management fees, rental income and interest on loans are reported as operating revenues. All expenses related to the ECIDA are reported as operating expenses. Interest income and realized and unrealized gains are reported as nonoperating revenues and expenses, as appropriate.

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The ECIDA is reported 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. The financial statements of the ECIDA are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

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

D. TAX INCENTIVE TRANSACTIONS

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

ECIDA is an issuer of tax-exempt bond financing for qualified manufacturers and low-income housing projects. These bonds are obligations of the borrower. Since ECIDA has no obligation to repay the principal and interest of such bonds, they are not reflected as liabilities in the accompanying financial statements. ECIDA receives bond issuance fees from the borrower for providing this service. ECIDA also has a shared services agreement with ILDC under which administrative and staffing services are provided to ILDC in connection with its bond issuances to nonprofit organizations in exchange for the related bond issuance fees received by ILDC. Such fees totaled \$382,050 and \$166,250, respectively, for the years ended December 31, 2020 and 2019.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

E. CASH AND CASH EQUIVALENTS

The ECIDA's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

F. RESTRICTED ASSETS

Certain assets are classified on the Balance Sheet and Statement of Net Position as restricted because their use is limited. See Note 5 for the detail of restricted cash.

G. PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

H. CAPITAL ASSETS

Capital assets are recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. The cost of repairs, maintenance and minor replacements are expensed as incurred, whereas expenditures that materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in income. Contributed capital assets are recorded at fair value at the date received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the ECIDA are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Furniture and equipment	\$ 1,000	Straight-line	3-10 years
Buildings and improvements	1,000	Straight-line	5-40 years

In 1989, ECIDA developed a public warehouse and trans-shipment facility (the Port Terminal Facility) at the Gateway Metroport facility in the City of Lackawanna. The Port Terminal Facility provides enclosed storage facilities and materials handling services for the trans-shipment of goods by water, rail and truck. The facility is owned by ECIDA and is operated by Gateway Trade Center, Inc. Rental property is recorded at cost which includes all costs incurred during the development stage, net of accumulated depreciation. Port Terminal Facility rental property assets are fully depreciated.

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

I. INVESTMENTS

Investments include venture capital investments made by ECIDA in order to spur local economic growth. The Urban Development Action Grant (UDAG) and General Accounts include venture capital investments that are recorded at the lesser of cost or fair value.

J. INSURANCE

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

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

K. GRANTS

Grants are recognized at the time awarded, with timing differences resulting from funds spent and earned. ECIDA receives special project grants from various Federal, State and County governments. ECIDA also acts as a pass-through entity for certain companies who receive funding from the State, including the Department of Transportation (DOT).

In certain cases, funding is received in the form of a combination of a grant and a loan. One year after completion of the specified program and with State approval and acceptance, companies begin repaying the loan. A long-term liability and repayment plan receivable are established as the companies receiving the funding from the State are contractually obligated to repay ECIDA for its debt service requirements to the State. The payment terms of the conduit receivables are equivalent to the terms of ECIDA's loans to the State.

L. NET POSITION

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

- a. *Investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. *Restricted* - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. Restrictions are imposed by Federal Urban Development Action Grants (UDAG).
- c. *Unrestricted* - The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by ECIDA.

M. STATEMENTS OF CASH FLOWS

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

N. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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

O. ACCOUNTING PRONOUNCEMENTS

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

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

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2022.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2021.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2022.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending December 31, 2021, except for paragraph 11b, which will be effective for the year ending December 31, 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS

- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending December 31, 2022.

NOTE 2 - CASH AND INVESTMENTS

ECIDA's investment policies are governed by State statutes. In addition, ECIDA has its own written investment policy. ECIDA monies must be deposited in Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or trust companies located within the State. ECIDA is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury and its agencies, repurchase agreements and obligations of the State and its localities.

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

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

Investment and Deposit Policy

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

Interest Rate Risk

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

Credit Risk

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

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

Custodial Credit Risk

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

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by the State of New York and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - LOANS RECEIVABLE

Loans are made to local businesses, with UDAG monies under certain restrictions, to complement private financing at a 4% interest rate with varying repayment terms. All loans are classified as commercial loans. Loans in non-accrual status are fully reserved.

During 2013, the ECIDA provided a \$1,000,000 forgivable loan to a manufacturing company. Half of that amount was immediately forgiven and the other \$500,000 will be forgiven in \$100,000 installments from 2019 through 2023 as long as the borrower maintains minimum employment requirements as set forth in the agreement. The portion not immediately forgiven is included in loans receivable and fully recognized in the allowance for uncollectible loans.

During the 2019 year, the ECIDA established an allowance for uncollectible loans amounting to \$400,000. There was no change to the allowance as of December 31, 2020.

NOTE 4 - GRANTS RECEIVABLE

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

	<u>2020</u>	<u>2019</u>
Buffalo Southern Railroad - 2017 PFRAP		
Rail Improvement	\$ 140	\$ 140
Sumitomo Dunlop Rail - PFRAP	6,358	14,352
National Grid - Zero Net Energy Building	125,000	125,000
Bethlehem Rail Phase II	-	191,942
Bethlehem Water and Sewer	700,000	-
Total	<u>\$ 831,498</u>	<u>\$ 331,434</u>

NOTE 5 - FUNDS HELD ON BEHALF OF OTHERS AND OTHER RESTRICTED CASH

ECIDA acts as a fiduciary for certain cash held for various development activities. ECIDA disburses these funds when given the appropriate authorization. The funds include:

	<u>2020</u>	<u>2019</u>
Erie County Regional Redevelopment Fund	\$ 1,528,292	\$ 1,525,156
Buffalo Brownfields Redevelopment Fund	217,484	979,274
Regionally Significant Project Funds:		
Buffalo Urban Development Corporation	-	17,531
Seneca Street Corridor	1,657,749	1,516,590
Main Street Improvement Fund	2,730,594	2,747,105
Total funds held on behalf of others	<u>6,134,119</u>	<u>6,785,656</u>
Other restricted cash:		
Railway Trust Fund	155,099	153,503
Sales proceeds held in escrow	-	1,000,000
Total restricted cash	<u>\$ 6,289,218</u>	<u>\$ 7,939,159</u>

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - CAPITAL ASSETS

Capital asset activity for ECIDA for the year ended December 31, 2020 was as follows:

	<u>Balance 01/01/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2020</u>
Capital assets not being depreciated:				
Land	\$ 167,400	\$ -	\$ -	\$ 167,400
Capital assets being depreciated:				
Land improvements	1,106,386	-	-	1,106,386
Buildings	2,747,489	-	-	2,747,489
Furniture and equipment	<u>463,388</u>	<u>8,148</u>	<u>-</u>	<u>471,536</u>
Total capital assets, being depreciated	<u>4,317,263</u>	<u>8,148</u>	<u>-</u>	<u>4,325,411</u>
Less accumulated depreciation:				
Land improvements	770,820	54,528	-	825,348
Buildings	1,954,378	36,043	-	1,990,421
Furniture and equipment	<u>401,361</u>	<u>26,454</u>	<u>-</u>	<u>427,815</u>
Total accumulated depreciation	<u>3,126,559</u>	<u>117,025</u>	<u>-</u>	<u>3,243,584</u>
Total capital assets being depreciated, net	<u>1,190,704</u>	<u>(108,877)</u>	<u>-</u>	<u>1,081,827</u>
Total capital assets, net	<u>\$ 1,358,104</u>	<u>\$ (108,877)</u>	<u>\$ -</u>	<u>\$ 1,249,227</u>

Capital asset activity for ECIDA for the year ended December 31, 2019 was as follows:

	<u>Balance 01/01/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2019</u>
Capital assets not being depreciated:				
Land	\$ 167,400	\$ -	\$ -	\$ 167,400
Capital assets being depreciated:				
Land improvements	1,106,386	-	-	1,106,386
Buildings	2,747,489	-	-	2,747,489
Furniture and equipment	<u>471,744</u>	<u>33,396</u>	<u>41,752</u>	<u>463,388</u>
Total capital assets, being depreciated	<u>4,325,619</u>	<u>33,396</u>	<u>41,752</u>	<u>4,317,263</u>
Less accumulated depreciation:				
Land improvements	716,292	54,528	-	770,820
Buildings	1,918,335	36,043	-	1,954,378
Furniture and equipment	<u>414,859</u>	<u>28,254</u>	<u>41,752</u>	<u>401,361</u>
Total accumulated depreciation	<u>3,049,486</u>	<u>118,825</u>	<u>41,752</u>	<u>3,126,559</u>
Total capital assets being depreciated, net	<u>1,276,133</u>	<u>(85,429)</u>	<u>-</u>	<u>1,190,704</u>
Total capital assets, net	<u>\$ 1,443,533</u>	<u>\$ (85,429)</u>	<u>\$ -</u>	<u>\$ 1,358,104</u>

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - INVESTMENTS

The ECIDA's investments consisted of the following at December 31:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Equity interest	\$ 913,136	\$ 506,886	\$ 987,187	\$ 634,061

In accordance with GASB Statement No. 72 Fair Value Measurement and Application, investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date. U.S. GAAP establishes a framework for measuring fair value of assets and liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Valuation is based on quoted prices (unadjusted) in active markets for identical assets or liabilities in active markets that the ECIDA has ability to access.
- Level 2: Valuation is based upon quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3: Valuation is based upon unobservable inputs that are significant to the fair value measurement.

Where quoted prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, fair values are estimated using quoted prices of securities with similar characteristics or inputs other than quoted prices that are observable for the security, and would be classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities would be classified within Level 3 of the valuation hierarchy.

Following is a description of the valuation methodology used at December 31, 2020 and 2019:

Equity interest - Value based analysis performed by industry consultant familiar with the industries in which the ECIDA has equity interest.

All investments are classified as a level 3 of the valuation hierarchy.

NOTE 8 - UNEARNED REVENUE

ECIDA received a grant from Erie County in the amount of \$700,000 in July 2020 to support the design, engineering and construction administration of water and sewer utility extensions and upgrades on the former Bethlehem Steel property. As of December 31, 2020, the entirety of that amount is included as unearned revenue as ECIDA has not begun expending grant funds.

ECIDA received an Economic Development Program grant from National Grid in the amount of \$125,000 in January 2017. As of December 31, 2020, the entirety of that amount is included as unearned revenue as ECIDA has not yet met the requirements to begin expending grant funds.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - RELATED PARTY TRANSACTIONS

Affiliate Management Fees

ECIDA allocates a portion of personnel and rental costs to its affiliates, RDC and ILDC. ECIDA earned \$387,152 and \$363,803 in affiliate management fees for the years ended December 31, 2020 and 2019, respectively. Management fees and related receivables by affiliate are as follows:

	Management Fees and Rental Costs		Receivables	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
RDC	\$ 292,107	\$ 302,332	\$ 293,638	\$ 303,021
ILDC	95,045	61,471	283,473	250,630
Total	<u>\$ 387,152</u>	<u>\$ 363,803</u>	<u>\$ 577,111</u>	<u>\$ 553,651</u>

ECIDA also provides personnel to perform administrative and accounting functions on behalf of Buffalo Urban Development Corporation, which amounted to \$119,444 and \$104,414 for the years ended December 31, 2020 and 2019, respectively. BUDC administration fees are included in other income on the Statements of Revenues and Expenses.

NOTE 10 - OPERATING LEASES

Office rent expense for the years ended December 31, 2020 and 2019 amounted to \$191,473 and \$192,143, respectively.

The ECIDA renewed their office lease agreement with Empire State Development effective for the period of October 1, 2018 through September 30, 2023. This lease agreement states a base lease amount of \$176,633 per annum plus utility charges that will be determined on an annual basis.

ECIDA recognized \$213,529 of rental income on its former office for the years ended December 31, 2020 and 2019. The net book value of the leased property is approximately \$1,047,300 at December 31, 2020.

Future annual rental income anticipated under this noncancelable lease is:

2021	\$ 209,869
2022	<u>122,423</u>
	<u>\$ 332,292</u>

NOTE 11 - PENSION

ECIDA maintains a defined contribution simplified employee pension (SEP) plan covering all of its employees. Employees are eligible to participate six months after employment, with employer contributions vesting immediately. During 2020 and 2019, ECIDA made discretionary contributions of 12% of eligible employees' salaries. ECIDA's expense for contribution to the plan for the years ended December 31, 2020 and 2019 amounted to \$173,647 and \$169,282, respectively. Employees are also permitted to participate in the New York State Deferred Compensation Plan but ECIDA does not make contributions to this plan.

NOTE 12 - CONTINGENCIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. This event is not expected to have a structural impact on the IDA. This may result in a reduction of business development projects in the short-term. The IDA will be further assessing small business relief programs from the government to determine the IDA's role in helping local businesses when additional information is available.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - SUBSEQUENT EVENTS

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

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SUPPLEMENTARY INFORMATION

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**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	<u>General Account</u>	<u>UDAG Account</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,617,692	\$ 11,052,134	\$ 18,669,826
Receivables			
Affiliates	388,968	188,143	577,111
Grants	831,498	-	831,498
Other	126,734	-	126,734
Prepaid expenses	45,558	-	45,558
Total current assets	<u>9,010,450</u>	<u>11,240,277</u>	<u>20,250,727</u>
Noncurrent assets:			
Capital assets, net	1,249,227	-	1,249,227
Investments	100,639	406,247	506,886
Restricted cash	6,289,218	-	6,289,218
Total noncurrent assets	<u>7,639,084</u>	<u>406,247</u>	<u>8,045,331</u>
 Total assets	 <u>\$ 16,649,534</u>	 <u>\$ 11,646,524</u>	 <u>\$ 28,296,058</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 74,652	\$ -	\$ 74,652
Accrued expenses	164,444	-	164,444
Unearned revenue	825,000	-	825,000
Total current liabilities	<u>1,064,096</u>	<u>-</u>	<u>1,064,096</u>
Noncurrent liabilities:			
Funds held on behalf of others	6,134,119	-	6,134,119
Total noncurrent liabilities	<u>6,134,119</u>	<u>-</u>	<u>6,134,119</u>
 Total liabilities	 <u>7,198,215</u>	 <u>-</u>	 <u>7,198,215</u>
NET POSITION			
Investment in capital assets	1,249,227	-	1,249,227
Restricted	-	11,646,524	11,646,524
Unrestricted	8,202,092	-	8,202,092
Total net position	<u>9,451,319</u>	<u>11,646,524</u>	<u>21,097,843</u>
 Total liabilities and net position	 <u>\$ 16,649,534</u>	 <u>\$ 11,646,524</u>	 <u>\$ 28,296,058</u>

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

	<u>General Account</u>	<u>UDAG Account</u>	<u>Total</u>
Operating revenues:			
Administrative fees	\$ 1,850,078	\$ -	\$ 1,850,078
Affiliate management fees and rental income	387,152	-	387,152
Rental income	287,717	-	287,717
Other income	150,651	-	150,651
Total operating revenues	<u>2,675,598</u>	<u>-</u>	<u>2,675,598</u>
Operating expenses:			
Salaries and benefits	2,003,970	-	2,003,970
General and administrative	623,943	774	624,717
Depreciation	117,025	-	117,025
Other expenses	973	-	973
Total operating expenses	<u>2,745,911</u>	<u>774</u>	<u>2,746,685</u>
Operating loss before special project grants	(70,313)	(774)	(71,087)
Special project grants:			
Revenues	112,937	-	112,937
Expenses	(194,413)	(1,281,494)	(1,475,907)
Net loss from special project grants	<u>(81,476)</u>	<u>(1,281,494)</u>	<u>(1,362,970)</u>
Operating loss	(151,789)	(1,282,268)	(1,434,057)
Nonoperating revenues (expenses):			
Investment income (loss)	(23,750)	(103,425)	(127,175)
Interest income	13,695	23,390	37,085
Total nonoperating revenues (expenses)	<u>(10,055)</u>	<u>(80,035)</u>	<u>(90,090)</u>
Change in net position	(161,844)	(1,362,303)	(1,524,147)
Net position - beginning of year	<u>9,613,163</u>	<u>13,008,827</u>	<u>22,621,990</u>
Net position - end of year	<u>\$ 9,451,319</u>	<u>\$ 11,646,524</u>	<u>\$ 21,097,843</u>

INTERNAL CONTROL AND COMPLIANCE

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

To the Members of the
Erie County Industrial Development Agency

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

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ECIDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ECIDA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ECIDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Buffalo, New York
March 24, 2021



INDEPENDENT ACCOUNTANT'S REPORT

To the Members of the Board of Directors
Erie County Industrial Development Agency
95 Perry Street, Suite 403
Buffalo, New York 14203

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

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

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

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

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

Freed Maxick CPAs, P.C.

Buffalo, New York
March 24, 2021