

**AUDITED FINANCIAL STATEMENTS**

**ERIE COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY**

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**DECEMBER 31, 2021**

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Erie County Industrial Development Agency (ECIDA), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the ECIDA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the ECIDA as of December 31, 2021 and 2020, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### 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* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the ECIDA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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 the ECIDA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's 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 auditor's report that includes our opinions. 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 GAS 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 GAS, 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 the ECIDA's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ECIDA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during our audit.

#### *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 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 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.

#### *Supplementary Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the ECIDA's basic financial statements. The combining statement of net position and combining statement of revenues, expenses and changes in net position are presented for purposes of additional analysis and are 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 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of net position and combining statement of revenues, expenses and changes in net position are 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 24, 2022 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, 2022

## **ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

### **Management's Discussion and Analysis**

**December 31, 2021  
(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, 2021, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with ECIDA's audited financial statements.

In 2021 the ECIDA was again 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. An additional funding allocation of \$500,000 was approved in January 2021. The program sunset with the end of the emergency declaration in New York State. 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 1% from \$21,098,000 in 2020 to \$20,897,000 in 2021.
- ECIDA experienced an overall decrease in net position of \$201,000 in 2021 compared to a decrease of \$1,524,000 in 2020.
- Administrative fees, a key source of revenue for ECIDA, increased 31% from \$1,850,000 in 2020 to \$2,419,000 in 2021.
- Net special project grants increased to a loss of \$743,000 in 2021, from a loss of \$1,363,000 in 2020.
- Operating expenses increased 1% from \$2,747,000 in 2020 to \$2,764,000 in 2021.

## 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, 2021, 2020 and 2019**  
(Amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2019</u>
<b>Assets:</b>					
Cash	\$ 18,638	\$ 18,670	\$ (32)	0%	\$ 19,023
Loans receivable, net of allowance	-	-	-	0%	56
Capital assets, net	1,164	1,249	(85)	-7%	1,358
Other assets	2,268	2,088	180	9%	1,722
Restricted cash	8,870	6,289	2,581	41%	7,939
<b>Total assets</b>	<b>\$ 30,940</b>	<b>\$ 28,296</b>	<b>\$ 2,644</b>	<b>9%</b>	<b>\$ 30,098</b>
<b>Liabilities:</b>					
Current liabilities	\$ 1,325	\$ 1,064	\$ 261	25%	\$ 691
Funds held on behalf of others	8,718	6,134	2,584	42%	6,786
<b>Total liabilities</b>	<b>10,043</b>	<b>7,198</b>	<b>2,845</b>	<b>40%</b>	<b>7,477</b>
<b>Net position:</b>					
Investment in capital assets	1,164	1,249	(85)	-7%	1,358
Restricted	11,435	11,647	(212)	-2%	13,009
Unrestricted	8,298	8,202	96	1%	8,255
<b>Total net position</b>	<b>20,897</b>	<b>21,098</b>	<b>(201)</b>	<b>-1%</b>	<b>22,622</b>
<b>Total liabilities and net position</b>	<b>\$ 30,940</b>	<b>\$ 28,296</b>	<b>\$ 2,644</b>	<b>9%</b>	<b>\$ 30,098</b>

**Cash** – ECIDA's cash balance decreased \$32,000 (less than 1%) due mainly to an increase in receivables of \$195,000. The decrease in cash from 2019 to 2020 was a result of an increase in receivables of \$524,000.

**Loans Receivable** – Loans receivable represents conduit receivables. The final conduit loan repayments were 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. The 2019 balance also included investment sales proceeds held in escrow. The \$2,581,000 or 41% increase was due to continued PILOT payments into PIF funds and the establishment of a new PIF fund in 2021. The \$1,650,000 or 21% decrease from 2019 to 2020 was 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.

**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 \$180,000 from 2020 to 2021 is primarily due to an increase in affiliate receivables of \$178,000. The increase in other assets between 2019 and 2020 related mainly to an increase in grants receivable.

**Current Liabilities** – The \$261,000 increase in current liabilities from 2020 to 2021 is primarily due to a \$227,000 increase in accounts payable, plus a \$48,000 increase in unearned revenue related to grant funds awarded but not yet expended. The increase in current liabilities between 2019 and 2020 related to an increase in unearned revenue of \$581,000 and a decrease in accounts payable of \$137,000.

## 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, 2021, 2020 and 2019**  
(Amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2019</u>
Revenue:					
Administrative fees	\$ 2,419	\$ 1,850	\$ 569	31%	\$ 1,591
Affiliate management fees	419	387	32	8%	363
Other income	459	439	20	5%	388
Total revenue	<u>\$ 3,297</u>	<u>\$ 2,676</u>	<u>\$ 621</u>	<u>23%</u>	<u>\$ 2,342</u>
Expenses:					
Salaries and benefits	\$ 1,905	\$ 2,004	\$ (99)	-5%	\$ 1,982
General and administrative	741	625	116	19%	726
Depreciation and other	118	118	-	0%	119
Total expenses	<u>2,764</u>	<u>2,747</u>	<u>17</u>	<u>1%</u>	<u>2,827</u>
Operating income (loss) before special project grants	533	(71)	604	-851%	(485)
Special grants and nonoperating revenue					
Net special project grants	(743)	(1,363)	620	-45%	853
Investment income (loss)	2	(127)	129	-102%	32
Interest income	7	37	(30)	-81%	107
Change in net position	<u>\$ (201)</u>	<u>\$ (1,524)</u>	<u>\$ 1,323</u>	<u>-87%</u>	<u>\$ 507</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 \$569,000 or 31% in 2021 primarily due to an increase in the number of projects induced (22 in 2021 compared to 14 in 2020), with an average project investment of over \$20 million. Administrative fees were collected related to 31 different projects in 2021, compared to 21 projects in 2020, signaling an increase in development activity.

**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 2021 with comparisons for 2020 and 2019:

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

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2019</u>
Affiliate Management Fees Charged:					
RDC	\$ 295	\$ 292	\$ 3	1%	\$ 302
ILDC	124	95	29	31%	61
Total Affiliate Management Fees	<u>\$ 419</u>	<u>\$ 387</u>	<u>\$ 32</u>	<u>8%</u>	<u>\$ 363</u>

Affiliate management fees charged to RDC increased \$3,000 or 1% primarily due to increased salary and benefit costs. Those charged to ILDC increased \$29,000 or 31% due to an increase in ECIDA staff time spent on ILDC’s projects during 2021. The micro-loan fund managed by ILDC had a significant increase in activity in 2021, and the ECIDA hired a project manager to oversee the ongoing development projects.

**Other Income** – Other income is comprised of rental income, international division revenues, loan interest, and miscellaneous income. The increase of \$20,000 or 5% in 2021 is due mainly to an increase in rental income related to one of ECIDA’s properties, which can vary from year to year. The increase in 2020 from 2019 related to an increase in rental income related to the same property.

### 4. Expense Analysis:

**Salaries and Benefits** – Decrease of \$99,000 in 2021 is primarily due to a \$36,000 decrease in accrued leave, a \$54,000 decrease in employee performance incentive costs, and a \$16,000 decrease in employee pension contributions. The Agency did not pay a performance incentive in 2021. Many employees ended 2020 with larger than usual accrued leave balances, which contributed to a decrease in expense in 2021. Pension contributions decreased due to newly hired employees not yet meeting eligibility requirements. These decreases were offset by a \$6,000 increase in payroll expense.

**General and Administrative** – In 2021, General and Administrative expenses increased \$116,000 from \$625,000 to \$741,000. Key expense differences in 2021 include the following:

- Consultant costs increased \$84,000. \$34,000 was paid as part of a contract for the required Comprehensive Economic Development Strategy (CEDS) update started in 2021. A total of \$39,000 was also paid to three recruiting firms that assisted with the placement of three new hires in 2021.
- Insurance costs increased \$31,000 because of overall market increases.
- Public notice costs increased \$17,000 due to an increase in projects in 2021. These costs relate to required notices for each project brought before the Agency board.

**Depreciation** – Depreciation expense was consistent at \$118,000 from 2020 to 2021.

**Net Special Project Grants** – Net Special Project Grants increased from a net loss of \$1,363,000 in 2020 to a net loss of \$743,000 in 2021. ECIDA established a COVID-19 Personal Protective Equipment (PPE) Grant program in 2020 in response to the state of emergency declared in New York State. \$559,000 of grants were expended in 2021. The ECIDA also granted \$213,000 to the ILDC to support carrying costs of property owned. In 2020, ECIDA granted \$855,000 to ILDC for the acquisition of property at the former Angola Airport site.

**Investment Income (Loss)** – The investment loss of \$127,000 in 2020 was 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 28, 2020. The following table (Table 4) presents an analysis of ECIDA’s performance compared to the approved 2021 budget.

**Table 4**  
**Budget to Actual Analysis for the year ended December 31, 2021**  
(Amounts in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenue:				
Administrative fees	\$ 2,419	\$ 1,800	\$ 619	34%
Affiliate management fees	419	407	12	3%
Other income	459	486	(27)	-6%
Total revenue	<u>3,297</u>	<u>2,693</u>	<u>604</u>	<u>22%</u>
Expenses:				
Salaries and benefits	1,905	1,953	(48)	-2%
General and administrative	741	705	36	5%
Depreciation and other	118	130	(12)	-9%
Total expenses	<u>2,764</u>	<u>2,788</u>	<u>(24)</u>	<u>-1%</u>
Operating loss before special project grants	533	(95)	628	-661%
Net special project grants	(744)	(2,891)	2,147	-74%
Investment income (loss)	2	-	2	100%
Interest income	7	40	(33)	-83%
Change in net position	<u>\$ (202)</u>	<u>\$ (2,946)</u>	<u>\$ 2,744</u>	<u>-93%</u>

**Budget to Actual Analysis:**

Overall, ECIDA exceeded its budgeted decrease in net position for 2021 by \$2,744,000. Total revenue was \$604,000, or 22%, above the budgeted amount due to both administrative fees and affiliate management fees in excess of budgeted amounts. Total expenses were \$24,000, or 1%, below budget. Net special project grants had a positive variance of \$2,147,000 as some of the budgeted special projects were not funded in 2021, 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 \$33,000 below budget, due to continued 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](http://www.ecidany.com).

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
STATEMENTS OF NET POSITIONS  
FOR THE YEARS ENDED DECEMBER 31,**

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 18,638,374	\$ 18,669,826
Receivables		
Affiliates	755,495	577,111
Grants	863,473	831,498
Other	111,804	126,734
Prepaid expenses	29,547	45,558
Total current assets	<u>20,398,693</u>	<u>20,250,727</u>
<b>Noncurrent assets:</b>		
Capital assets, net	1,164,083	1,249,227
Investments	506,886	506,886
Restricted cash	8,870,022	6,289,218
Total noncurrent assets	<u>10,540,991</u>	<u>8,045,331</u>
 Total assets	 <u>\$ 30,939,684</u>	 <u>\$ 28,296,058</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 302,018	\$ 74,652
Accrued expenses	150,611	164,444
Unearned revenue	872,994	825,000
Total current liabilities	<u>1,325,623</u>	<u>1,064,096</u>
<b>Noncurrent liabilities:</b>		
Funds held on behalf of others	8,717,606	6,134,119
Total noncurrent liabilities	<u>8,717,606</u>	<u>6,134,119</u>
 Total liabilities	 10,043,229	 7,198,215
<b>NET POSITION</b>		
Investment in capital assets	1,164,083	1,249,227
Restricted	11,434,813	11,646,524
Unrestricted	8,297,559	8,202,092
Total net position	<u>20,896,455</u>	<u>21,097,843</u>
 Total liabilities and net position	 <u>\$ 30,939,684</u>	 <u>\$ 28,296,058</u>

See accompany notes

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

	<u>2021</u>	<u>2020</u>
<b>Operating revenues:</b>		
Administrative fees	\$ 2,419,283	\$ 1,850,078
Affiliate management fees and related income	419,100	387,152
Rental income	332,727	287,717
Other income	126,161	150,651
Total operating revenues	<u>3,297,271</u>	<u>2,675,598</u>
<b>Operating expenses:</b>		
Salaries and benefits	1,905,312	2,003,970
General and administrative	741,076	624,717
Depreciation	116,449	117,025
Other expenses	1,060	973
Total operating expenses	<u>2,763,897</u>	<u>2,746,685</u>
Operating income (loss) before special project grants	533,374	(71,087)
<b>Special project grants:</b>		
Revenues	5,484,283	112,937
Expenses	<u>(6,228,502)</u>	<u>(1,475,907)</u>
Net loss from special project grants	<u>(744,219)</u>	<u>(1,362,970)</u>
Operating loss	(210,845)	(1,434,057)
<b>Nonoperating revenues (expenses):</b>		
Investment income (loss)	2,425	(127,175)
Interest income	7,032	37,085
Total nonoperating revenues (expenses)	<u>9,457</u>	<u>(90,090)</u>
Change in net position	(201,388)	(1,524,147)
Net position - beginning of year	<u>21,097,843</u>	<u>22,621,990</u>
Net position - end of year	<u>\$ 20,896,455</u>	<u>\$ 21,097,843</u>

See accompany notes

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

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Cash received from fees and rental income	\$ 2,766,940	\$ 2,137,710
Cash received from special project grants	5,500,302	194,166
Cash received from affiliates and other sources	366,877	514,343
Payments to employees, suppliers, and other	(2,417,904)	(2,750,975)
Payments for special project grants	(6,228,502)	(1,475,907)
<b>Net cash used by operating activities</b>	<u>(12,287)</u>	<u>(1,380,663)</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	(31,305)	(8,148)
<b>Net cash used by capital and related financing activities</b>	<u>(31,305)</u>	<u>(8,148)</u>
<b>Cash flows from investing activities:</b>		
Change in restricted cash, net of funds held on behalf of others	2,683	998,404
Cash received from equity investments	2,425	-
Interest	7,032	37,085
<b>Net cash provided by investing activities</b>	<u>12,140</u>	<u>1,035,489</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(31,452)</u>	<u>(353,322)</u>
<b>Cash and cash equivalents - beginning of year</b>	<u>18,669,826</u>	<u>19,023,148</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 18,638,374</u>	<u>\$ 18,669,826</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>		
Operating loss	\$ (210,845)	\$ (1,434,057)
Adjustment to reconcile loss from operations to net cash used by operating activities:		
Depreciation expense	116,449	117,025
Increase in receivables	(195,429)	(523,609)
Decrease in prepaid expenses	16,011	30,560
Increase (decrease) in accounts payable	227,366	(136,990)
Decrease in accrued expenses	(13,833)	(14,885)
Increase in unearned revenue	47,994	581,293
<b>Net cash used by operating activities</b>	<u>\$ (12,287)</u>	<u>\$ (1,380,663)</u>

See accompany notes

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

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**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, 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.

**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 \$0 and \$382,050, respectively, for the years ended December 31, 2021 and 2020.

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

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**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 Statements 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**

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**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.

**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**

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

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

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**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, 2021 and 2020, 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. In 2021 this agreement was amended to extend the forgiveness period through 2024 due to effects of COVID-19 on the borrower's workforce. 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, 2021.

**NOTE 4 - GRANTS RECEIVABLE**

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

	<u>2021</u>	<u>2020</u>
Buffalo Southern Railroad - 2017 PFRAP		
Rail Improvement	\$ 140	\$ 140
Sumitomo Dunlop Rail - PFRAP	6,358	6,358
National Grid - Zero Net Energy Building	125,000	125,000
EDA - Comprehensive Economic		
Development Strategy	50,000	-
Bethlehem Shoreline Enhancement	92,119	-
Bethlehem Water and Sewer Design	589,856	700,000
Total	<u>\$ 863,473</u>	<u>\$ 831,498</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>2021</u>	<u>2020</u>
Erie County Regional Redevelopment Fund	\$ 1,846,057	\$ 1,528,292
Buffalo Brownfields Redevelopment Fund	561,316	217,484
Jemal's Seneca Fund	348,142	-
Seneca Street Corridor Fund	2,304,585	1,657,749
Main Street Improvement Fund	3,657,506	2,730,594
Total funds held on behalf of others	<u>8,717,606</u>	<u>6,134,119</u>
<b>Other restricted cash:</b>		
Railway Trust Fund	<u>152,416</u>	<u>155,099</u>
Total restricted cash	<u>\$ 8,870,022</u>	<u>\$ 6,289,218</u>

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

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**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for ECIDA for the year ended December 31, 2021 was as follows:

	Balance 01/01/2021	Increases	Decreases	Balance 12/31/2021
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	471,536	31,305	32,696	470,145
Total capital assets, being depreciated	<u>4,325,411</u>	<u>31,305</u>	<u>32,696</u>	<u>4,324,020</u>
Less accumulated depreciation:				
Land improvements	825,348	54,528	-	879,876
Buildings	1,990,421	36,043	-	2,026,464
Furniture and equipment	427,815	25,878	32,696	420,997
Total accumulated depreciation	<u>3,243,584</u>	<u>116,449</u>	<u>32,696</u>	<u>3,327,337</u>
Total capital assets being depreciated, net	<u>1,081,827</u>	<u>(85,144)</u>	<u>-</u>	<u>996,683</u>
Total capital assets, net	<u>\$ 1,249,227</u>	<u>\$ (85,144)</u>	<u>\$ -</u>	<u>\$ 1,164,083</u>

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

	Balance 01/01/2020	Increases	Decreases	Balance 12/31/2020
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	463,388	8,148	-	471,536
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	401,361	26,454	-	427,815
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>

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

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**NOTE 7 - INVESTMENTS**

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

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Equity interest	\$ 913,136	\$ 506,886	\$ 913,136	\$ 506,886

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. 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, 2021 and 2020:

**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, 2021, the ECIDA has recognized \$124,379 of revenue leaving \$575,621 as unearned (2020 - \$0).

ECIDA received an Economic Development Program grant from National Grid in the amount of \$125,000 in January 2017. As of December 31, 2021 and 2020, the entirety of that amount is included as unearned revenue as ECIDA has not yet met the requirements to recognize grant funds as revenue.

ECIDA received a grant from the NYS Department of State in the amount of \$122,825 in June 2020 to support the construction and administration of Shoreline Trail enhancements on the former Bethlehem Steel property. As of December 31, 2021, the ECIDA has received and recognized \$452 of revenue leaving \$122,373 as unearned (2020 - \$0).

ECIDA received a grant from the EDA in the amount of \$50,000 in October 2021 to support the Comprehensive Economic Development Strategy recovery plan implementation. As of December 31, 2021, \$50,000 remained unearned.

**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 \$419,100 and \$387,152 in affiliate management fees and rental costs for the years ended December 31, 2021 and 2020, respectively. Management fees and related receivables by affiliate are as follows:

	<b>Management Fees and Rental Costs</b>		<b>Receivables</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	RDC	\$ <b>294,566</b>	\$ 292,107	\$ <b>297,384</b>
ILDC	<b>124,534</b>	95,045	<b>458,111</b>	283,473
Total	\$ <b>419,100</b>	\$ 387,152	\$ <b>755,495</b>	\$ 577,111

ECIDA also provides personnel to perform administrative and accounting functions on behalf of Buffalo Urban Development Corporation, which amounted to \$92,601 and \$119,444 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020 amounted to \$190,586 and \$191,473, respectively.

The ECIDA's office lease agreement with Empire State Development is effective for the period of October 1, 2015 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 \$213,681 and \$213,529 of rental income on its former office for the years ended December 31, 2021, and 2020, respectively. The net book value of the leased property is approximately \$941,600 and \$1,047,300 at December 31, 2021 and 2020, respectively.

Future annual rental income anticipated under this noncancelable lease is:

2022	\$ 218,613
2023	230,856
2024	230,856
2025	230,856
2026	230,856
2027	134,666
Total	\$ <u>1,276,703</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 2021 and 2020, ECIDA made discretionary contributions of 12% of eligible employees' salaries. ECIDA's expense for contribution to the plan for the years ended December 31, 2021 and 2020 amounted to \$157,973 and \$173,647, respectively. Employees are also permitted to participate in the New York State Deferred Compensation Plan but ECIDA does not make contributions to this plan.

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

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**NOTE 12 - SUBSEQUENT EVENTS**

In January 2022, ECIDA's tenant exercised the renewal option for the lease of 143 Genesee Street. The term of the lease is extended through July 2027.

Management has evaluated subsequent events through March 24, 2022, which is the date the financial statements are available for issuance and have determined there are no subsequent events, other than the event noted above, that require disclosure under generally accepted accounting principles.

## **SUPPLEMENTARY INFORMATION**

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
COMBINING STATEMENT OF NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>General Account</u>	<u>UDAG Account</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 7,851,663	\$ 10,786,711	\$ 18,638,374
Receivables			
Affiliates	500,890	254,605	755,495
Grants	813,473	50,000	863,473
Other	111,804	-	111,804
Prepaid expenses	29,547	-	29,547
Total current assets	<u>9,307,377</u>	<u>11,091,316</u>	<u>20,398,693</u>
<b>Noncurrent assets:</b>			
Capital assets, net	1,164,083	-	1,164,083
Investments	100,639	406,247	506,886
Restricted cash	8,870,022	-	8,870,022
Total noncurrent assets	<u>10,134,744</u>	<u>406,247</u>	<u>10,540,991</u>
 Total assets	 <u>\$ 19,442,121</u>	 <u>\$ 11,497,563</u>	 <u>\$ 30,939,684</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 289,268	\$ 12,750	\$ 302,018
Accrued expenses	150,611	-	150,611
Unearned revenue	822,994	50,000	872,994
Total current liabilities	<u>1,262,873</u>	<u>62,750</u>	<u>1,325,623</u>
<b>Noncurrent liabilities:</b>			
Funds held on behalf of others	8,717,606	-	8,717,606
Total noncurrent liabilities	<u>8,717,606</u>	<u>-</u>	<u>8,717,606</u>
 Total liabilities	 9,980,479	 62,750	 10,043,229
<b>NET POSITION</b>			
Investment in capital assets	1,164,083	-	1,164,083
Restricted	-	11,434,813	11,434,813
Unrestricted	8,297,559	-	8,297,559
Total net position	<u>9,461,642</u>	<u>11,434,813</u>	<u>20,896,455</u>
 Total liabilities and net position	 <u>\$ 19,442,121</u>	 <u>\$ 11,497,563</u>	 <u>\$ 30,939,684</u>

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>General Account</u>	<u>UDAG Account</u>	<u>Total</u>
<b>Operating revenues:</b>			
Administrative fees	\$ 2,419,283	\$ -	\$ 2,419,283
Affiliate management fees and rental income	419,100	-	419,100
Rental income	332,727	-	332,727
Other income	126,161	-	126,161
Total operating revenues	<u>3,297,271</u>	<u>-</u>	<u>3,297,271</u>
<b>Operating expenses:</b>			
Salaries and benefits	1,905,312	-	1,905,312
General and administrative	706,129	34,947	741,076
Depreciation	116,449	-	116,449
Other expenses	1,060	-	1,060
Total operating expenses	<u>2,728,950</u>	<u>34,947</u>	<u>2,763,897</u>
Operating income( loss) before special project grants	568,321	(34,947)	533,374
<b>Special project grants:</b>			
Revenues	5,379,783	104,500	5,484,283
Expenses	(5,940,551)	(287,951)	(6,228,502)
Net loss from special project grants	<u>(560,768)</u>	<u>(183,451)</u>	<u>(744,219)</u>
Operating income (loss)	7,553	(218,398)	(210,845)
<b>Nonoperating revenues:</b>			
Investment income	-	2,425	2,425
Interest income	2,770	4,262	7,032
Total nonoperating revenues	<u>2,770</u>	<u>6,687</u>	<u>9,457</u>
Change in net position	10,323	(211,711)	(201,388)
Net position - beginning of year	<u>9,451,319</u>	<u>11,646,524</u>	<u>21,097,843</u>
Net position - end of year	<u>\$ 9,461,642</u>	<u>\$ 11,434,813</u>	<u>\$ 20,896,455</u>

## **INTERNAL CONTROL AND COMPLIANCE**

**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, 2021, and the related notes to the financial statements, which collectively comprise ECIDA's financial statements, and have issued our report thereon dated March 24, 2022.

**Report on Internal Control Over Financial Reporting**

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

**Report on Compliance and Other Matters**

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

## Purpose of this Report

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

*Freed Maxick CPAs, P.C.*

Buffalo, New York  
March 24, 2022