

**AUDITED  
FINANCIAL STATEMENTS**

**BUFFALO AND ERIE COUNTY REGIONAL  
DEVELOPMENT CORPORATION**

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**DECEMBER 31, 2021**

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**  
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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Buffalo and Erie County Regional Development Corporation  
Buffalo, New York 14203

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Erie County Regional Development Corporation (RDC), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the RDC'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 RDC 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 RDC, 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 RDC'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 RDC's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the RDC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during 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 RDC's basic financial statements. The combining statement of net position, combining statement of revenues, expenses and changes in net position and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 RDC'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 the effectiveness of the RDC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the RDC's internal control over financial reporting and compliance.

*Freed Maxick CPAs, P.C.*

Buffalo, New York  
March 24, 2022



## **BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**

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

**December 31, 2021  
(UNAUDITED)**

Buffalo & Erie County Regional Development Corporation (RDC) was incorporated for the purpose of encouraging the expansion of existing companies in target areas of Erie County (the County) by establishing a revolving loan fund (RLF). The U.S. Department of Commerce Economic Development Administration (EDA) is the oversight body of one of the RDC's RLFs. A Loan Administration Plan (LAP) that outlines the RDC's lending processes and goals is approved by EDA every five years. The EDA released its federal interest in the RDC's Legacy (original) RLF during 2021.

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

In compliance with GASB Statement No. 34, we present the attached overview and analysis of the financial activities of RDC 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 RDC's audited financial statements.

In 2021 the RDC continued to be impacted by the COVID-19 pandemic and state of emergency declaration in New York State. RDC was afforded certain flexibilities by the EDA, which allowed RDC to work with borrowers to defer loan payments, if needed. Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, EDA awarded \$5 million to ECIDA to capitalize a new RLF, which ECIDA sub-granted to RDC to administer.

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

## Financial Highlights

- RDC's total net position increased slightly from \$17,015,000 in 2020 to \$21,753,000 in 2021.
- RDC experienced an increase in net position of \$4,738,000 in 2021 compared to a decrease of \$27,000 in 2020.
- Operating revenues increased 15% from \$388,000 in 2020 to \$447,000 in 2021.
- Operating expenses increased 52% from \$541,000 in 2020 to \$823,000 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 RDC.

**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	\$ 7,790	\$ 6,543	\$ 1,247	19%	\$ 7,650
Accounts receivable	10	11	(1)	100%	-
Loans receivable, net	14,250	10,758	3,492	32%	9,720
<b>Total assets</b>	<b>\$ 22,050</b>	<b>\$ 17,312</b>	<b>\$ 4,738</b>	<b>27%</b>	<b>\$ 17,370</b>
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 3	\$ (3)	-100%	\$ 24
Due to affiliate	297	294	3	1%	303
<b>Total liabilities</b>	<b>297</b>	<b>297</b>	<b>-</b>	<b>0%</b>	<b>327</b>
<b>Net position:</b>					
Restricted	21,753	17,015	4,738	28%	17,043
<b>Total net position</b>	<b>21,753</b>	<b>17,015</b>	<b>4,738</b>	<b>28%</b>	<b>17,043</b>
<b>Total liabilities and net position</b>	<b>\$ 22,050</b>	<b>\$ 17,312</b>	<b>\$ 4,738</b>	<b>27%</b>	<b>\$ 17,370</b>

**Cash** – RDC's cash balance increased 19% or \$1,247,000 primarily due to loan repayments in 2021. The cash decrease from \$7,650,000 in 2019 to \$6,543,000 in 2020 was a result of loan disbursements.

**Loans Receivable, net** – Loans receivable relate to the RLFs operated by RDC, net of an allowance. Loans receivable increased \$3,492,000, or 32% from 2020 to 2021, due to loans closed during 2021. Most of the loans closed were new capital into the RLF through the CARES Act sub-grant award. The increase in loans receivable from \$9,720,000 in 2019 to \$10,758,000 in 2020 was a result of new loans in 2020.

**Due to Affiliate** – Due to affiliate reflects the amount due to ECIDA under a shared services agreement for personnel and overhead at the end of the year. The \$3,000 increase in due to affiliate from 2020 to 2021 reflects increased hourly rates charged to RDC by ECIDA employees. The decrease in amounts due to affiliate from \$303,000 in 2019 to \$294,000 in 2020 related mainly to a reduction in hours charged.



## 2. Change in Net Position:

The following table (Table 2) presents condensed, comparative financial information and was derived from RDC'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>
Operating revenue:					
Interest from loans	\$ 447	\$ 375	\$ 72	19%	\$ 491
Loan commitment fees	-	13	(13)	-100%	9
	<hr/>				
Total revenue	\$ 447	\$ 388	\$ 59	15%	\$ 500
	<hr/>				
Operating expenses:					
General and administrative	\$ 405	\$ 450	\$ (45)	-10%	\$ 377
Loan loss expense, net recoveries	418	91	327	359%	1,441
	<hr/>				
Total expenses	823	541	282	52%	1,818
	<hr/>				
Operating income (loss)	(376)	(153)	(223)	146%	(1,318)
	<hr/>				
Nonoperating revenue					
Interest income	3	15	(12)	-80%	38
Grant contributions	5,111	111	5,000	100%	-
	<hr/>				
Change in net position	\$ 4,738	\$ (27)	\$ 4,765	-17648%	\$ (1,280)

## 3. Revenue Analysis:

**Interest from Loans** – Interest on loans is collected from borrowers in accordance with the terms of each promissory note. RDC loans bear interest at rates ranging from 1% to 6.5%, in accordance with the Loan Administration Plan provisions in effect at the time the loan is approved. Interest income from loans increased \$72,000, or 19%, from 2020 to 2021 as a result of the expiration of deferral periods approved in 2020. Many borrowers had a period of interest deferral during 2020 due to the COVID-19 pandemic. Interest decreased from \$491,000 in 2019 to \$375,000 in 2020 due to this deferral period.

**Loan Commitment Fees** – Loan commitment fees are generally charged on loans greater than \$100,000. Commitment fees vary from year to year depending on the dollar amounts of individual loans. In 2020 and 2021 there were relaxations afforded to commitment fees as a result of the COVID-19 pandemic.

## 4. Expense Analysis:

**General and Administrative** – In 2021, general and administrative expenses decreased \$45,000 from \$450,000 to \$405,000. The decrease in general and administrative expenses is attributable mainly to legal expenses. Legal expenses increased \$77,000 from 2019 to 2020 due to higher costs associated with four delinquent loans. The four delinquent loans were written off at December 31, 2020, and legal costs returned to a more typical level in 2021.

**Loan Loss Expense, net Recoveries** – Loan loss expense, net recoveries consists of the dollar amount of loan loss expense in a year, plus any loan recoveries during that same year of previously written off loans. In 2021, loan loss expense was \$474,000, net of \$56,000 of loan recoveries. This was an increase from 2020, when loan loss expense was \$112,000, net of \$21,000 of loan recoveries. There were no loans written off in 2021, however a reserve was established for loans in the CARES Act RLF.

**Grant Contributions** – Grant contributions relate directly to amounts sub-granted from ECIDA under the CARES Act RLF. The RLF was established in 2020 and there was \$5,111,000 granted in 2021 related to loans and administrative costs, compared to \$111,000 granted in 2020.

## 5. Budget Analysis:

RDC prepares an annual budget which was presented and approved by the Board of Directors on October 28, 2020. The following table (Table 3) presents an analysis of RDC's performance compared to the approved 2021 budget.

**Table 3**  
**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>
Operating revenue:				
Interest from loans	\$ 447	\$ 540	\$ (93)	-17%
Loan commitment fees	-	15	(15)	-100%
	<hr/>			
Total revenue	447	555	(108)	-19%
	<hr/>			
Operating expenses:				
General and administrative	405	468	(63)	-13%
Loan loss expense, net recoveries	418	245	173	71%
	<hr/>			
Total expenses	823	713	110	15%
	<hr/>			
Operating income (loss)	(376)	(158)	(218)	138%
	<hr/>			
Interest income	3	2	1	50%
Grant contributions	5,111	-	5,111	100%
	<hr/>			
Change in net position	\$ 4,738	\$ (156)	\$ 4,894	-3137%

## Budget to Actual Analysis:

Overall, RDC exceeded its budgeted decrease in net position for 2021 by \$4,894,000. Total operating revenue was \$108,000, or 19%, below the budgeted amount due to lower interest income from loans in 2021. This is a direct result of the terms of loans made under the CARES Act RLF, which include one year of no payments, then one year of interest only payments. Total expenses were \$110,000, or 15%, above budget. The 2021 grant contributions were not part of the 2021 approved budget.

## 6. Economic Factors Impacting RDC:

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

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31,**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 7,790,415	\$ 6,542,915
Accounts receivable	5,329	11,015
Grants receivable	4,839	-
Loans receivable	1,415,466	1,078,654
Total current assets	<u>9,216,049</u>	<u>7,632,584</u>
<b>Noncurrent assets:</b>		
Loans receivable, net	<u>12,834,682</u>	<u>9,679,043</u>
Total assets	<u>\$ 22,050,731</u>	<u>\$ 17,311,627</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 133	\$ 2,659
Due to affiliate	297,384	293,638
Total liabilities	<u>297,517</u>	<u>296,297</u>
<b>NET POSITION</b>		
Restricted	<u>21,753,214</u>	<u>17,015,330</u>
Total net position	<u>21,753,214</u>	<u>17,015,330</u>
Total liabilities and net position	<u>\$ 22,050,731</u>	<u>\$ 17,311,627</u>

See accompanying notes.

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

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	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Interest from loans	\$ 447,255	\$ 374,671
Loan commitment fees	-	13,000
Total operating revenues	<u>447,255</u>	<u>387,671</u>
<b>OPERATING EXPENSES</b>		
General and administrative	405,359	450,214
Loan loss expense, net recoveries	417,627	91,217
Total operating expenses	<u>822,986</u>	<u>541,431</u>
Operating loss	(375,731)	(153,760)
<b>NONOPERATING REVENUES</b>		
Interest income	2,586	15,013
Grant contributions	5,111,029	111,015
Total nonoperating revenues	<u>5,113,615</u>	<u>126,028</u>
Change in net position	4,737,884	(27,732)
<b>Net position - beginning of year</b>	<u>17,015,330</u>	<u>17,043,062</u>
<b>Net position - end of year</b>	<u>\$ 21,753,214</u>	<u>\$ 17,015,330</u>

See accompanying notes.

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments collected on loans receivable	\$ 2,018,149	\$ 2,530,186
Loan interest and fees	447,255	387,671
Loans awarded	(5,940,090)	(3,680,070)
Payments from vendors and affiliates	(5,329)	-
Payments to vendors and affiliates	(404,139)	(480,661)
Loan loss recoveries	11,863	20,561
Net cash used by operating activities	<u>(3,872,291)</u>	<u>(1,222,313)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	<u>2,586</u>	<u>15,013</u>
Net cash provided by investing activities	2,586	15,013
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
CARES Act subgrant	<u>5,117,205</u>	<u>100,000</u>
Net cash provided by financing activities	5,117,205	100,000
Net increase (decrease) in cash	1,247,500	(1,107,300)
Cash - beginning of year	<u>6,542,915</u>	<u>7,650,215</u>
Cash - end of year	<u>\$ 7,790,415</u>	<u>\$ 6,542,915</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>		
Operating loss	\$ (375,731)	\$ (153,760)
Adjustment to reconcile operating loss to net cash used by operating activities:		
Provision for loan loss	429,490	111,778
Increase in accounts receivable	(5,329)	-
Increase in loans receivable	(3,921,941)	(1,149,884)
Decrease in accounts payable	(2,526)	(21,064)
Increase (decrease) in due to affiliate	<u>3,746</u>	<u>(9,383)</u>
Net cash used by operating activities	<u>\$ (3,872,291)</u>	<u>\$ (1,222,313)</u>

See accompanying notes.

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Buffalo and Erie County Regional Development Corporation (RDC) 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 RDC's significant accounting policies are described below.

**A. REPORTING ENTITY**

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

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

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

**B. BASIS OF PRESENTATION**

Revenues from administrative fees and interest on loans are reported as operating revenues. All expenses related to operating the RDC are reported as operating expenses. Certain other transactions are reported as nonoperating activities including the RDC's grant income and interest income from deposits.

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

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

RDC is considered 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 RDC 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 cash transaction takes place.

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

**D. INCOME TAXES**

RDC is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and the income realized will not be subject to New York State corporate franchise tax.

**E. LOANS RECEIVABLE**

Loans receivable are stated at the principal amount outstanding, net of a provision for loan loss. The allowance method is used to compute the provision for loan loss.

Determination of the balance of the provision for loan loss is based on an analysis of the loan portfolio and reflects an amount that, in management's judgment, is adequate to provide for potential loan losses. Loans are written off when, in management's judgment, no legal recourse is available to collect the amount owed.

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

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Interest on loans receivable is accrued as required by the terms of the agreement. Management considers that collection is probable based on the current economic condition of the borrower. Accrual of interest ceases when management adjusts a loan reserve to 50% or more of the loan's outstanding balance. RDC is not accruing interest on any loans as of December 31, 2021 or 2020.

**F. INSURANCE**

RDC 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.

**G. NET POSITION**

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

- a. Restricted – Consists of net positions with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted – all other net positions that do not meet the definition of “restricted.”

**H. STATEMENTS OF CASH FLOWS**

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

**I. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

**J. ACCOUNTING PRONOUNCEMENTS**

The following are GASB Statements that have been issued recently and are currently being evaluated, by the RDC, 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.

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. ASSETS**

**1. CASH AND INVESTMENTS**

RDC's investment policies are governed by New York State statutes. In addition, RDC has its own written investment policy. RDC monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. RDC's Chief Financial Officer is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of the State of New York 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 and obligations of the State and its municipalities and school districts.

As of December 31, 2021 and 2020, the RDC's aggregate bank deposits were considered fully collateralized.

Investment and Deposit Policy

RDC 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 the Chief Financial Officer of the Buffalo and Erie County Regional Development Corporation.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. RDC'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

RDC'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. RDC'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 RDC's investment and deposit policy, all deposits of RDC including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. RDC 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 New York State and its localities.

**2. LOANS RECEIVABLE**

The legacy revolving loan program was originally established through multiple grants received between 1979 and 1983 from the U.S. Economic Development Administration (EDA) amounting to \$7,000,000. Matching funds totaling \$5,250,500 were also received from various sources.



**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

In August of 2020, the ECIDA entered into a financial assistance award agreement with the U.S. Economic Development Administration (EDA) amounting to \$5,415,694 to fund the CARES Act Revolving Loan Fund to assist the region due to the COVID-19 pandemic. RDC is a subrecipient of this grant award and administers the revolving loan fund. As of December 31, 2021, \$5,000,000 was received and issued as loans and \$222,044 of revenue related to administrative costs has been recognized (2020 -\$100,000 and \$0).

RDC provides low-interest loans to businesses located in Erie County in order to encourage economic development.

Loans under the CARES Act EDA award agreement provide for no interest to be charged to the recipient for the first year of the loan, and interest only payments for the second year of the loan. Principal payments ensue in the third year of the loan. Loans receivable consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Total loans receivable	\$ 14,861,051	\$ 10,939,109
Less: provision for loan loss	<u>610,903</u>	<u>181,412</u>
Loans receivable, net	14,250,148	10,757,697
Less: current portion	<u>1,415,466</u>	<u>1,078,654</u>
Loans receivable - long-term	\$ <u>12,834,682</u>	\$ <u>9,679,043</u>

The RDC's policy is to present loans receivable net of a provision for loan loss. At December 31, 2021 and 2020, the allowance for uncollectible loans was \$610,903 and \$181,412, respectively.

At December 31, 2021, the loans awarded to local businesses bear interest at rates ranging from 1% to 6.5% with varying payment terms. All loans are classified as commercial.

Scheduled maturities of principal for these notes for the next five years and thereafter are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,362,323	\$ 350,439
2023	1,884,394	323,324
2024	2,188,932	256,821
2025	2,170,448	193,042
2026	2,414,733	126,108
Thereafter	<u>4,727,369</u>	<u>130,880</u>
Total	\$ <u>14,748,199</u>	\$ <u>1,380,614</u>

This schedule does not include the variable interest rate loans that are administered by various financial institutions. The total outstanding balance of those loans is \$112,852 at December 31, 2021 with a current portion in the amount of \$53,143.

**B. EXPENSES**

ECIDA allocates a portion of its personnel and overhead costs to the RDC based on a cost allocation plan. Costs allocated by ECIDA amounted to \$294,567 and \$292,106 for the years ended December 31, 2021 and 2020, respectively. Amounts owed to ECIDA at December 31, 2021 and 2020 totaled \$297,384 and \$293,638, respectively.

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3. CONTINGENCIES**

**Economic Development Administration Revolving Loan Fund Risk Analysis System**

RDC is required to comply with EDA regulations regarding the utilization of revolving loan funds for the CARES Act Revolving Loan Fund (RLF). These regulations are based on measures applied by the EDA's risk analysis system. The CARES Act RLF was in the disbursement phase as of December 31, 2021, and has not yet received its first risk rating. Upon the RLF commencing the revolving phase in 2022, the risk analysis will be updated on an annual basis determined by reports submitted by the RDC to the EDA within 90 days following the RDC year end.

**NOTE 4. SUBSEQUENT EVENTS**

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 that require disclosure under generally accepted accounting principles.

**SUPPLEMENTARY INFORMATION**

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**  
**COMBINING STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

	<u>Legacy (EDA)</u> <u>Account</u>	<u>CARES Act</u> <u>Account</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$ 7,410,874	\$ 379,541	\$ 7,790,415
Accounts receivable	-	5,329	5,329
Grants receivable	-	4,839	4,839
Loans receivable	1,415,466	-	1,415,466
Total current assets	<u>8,826,340</u>	<u>389,709</u>	<u>9,216,049</u>
<b>Noncurrent assets:</b>			
Loans receivable, net	<u>8,568,682</u>	<u>4,266,000</u>	<u>12,834,682</u>
Total assets	<u>\$ 17,395,022</u>	<u>\$ 4,655,709</u>	<u>\$ 22,050,731</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 127	\$ 6	\$ 133
Due to affiliate	167,773	129,611	297,384
Total liabilities	<u>167,900</u>	<u>129,617</u>	<u>297,517</u>
<b>NET POSITION</b>			
Restricted	<u>17,227,122</u>	<u>4,526,092</u>	<u>21,753,214</u>
Total net position	<u>17,227,122</u>	<u>4,526,092</u>	<u>21,753,214</u>
Total liabilities and net position	<u>\$ 17,395,022</u>	<u>\$ 4,655,709</u>	<u>\$ 22,050,731</u>

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Legacy (EDA) Account</u>	<u>CARES Act Account</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Interest from loans	\$ 447,188	\$ 67	\$ 447,255
Total operating revenues	<u>447,188</u>	<u>67</u>	<u>447,255</u>
<b>OPERATING EXPENSES</b>			
General and administrative	194,329	211,030	405,359
Loan loss expense (recoveries)	<u>(56,373)</u>	<u>474,000</u>	<u>417,627</u>
Total operating expenses	<u>137,956</u>	<u>685,030</u>	<u>822,986</u>
Operating income (loss)	309,232	(684,963)	(375,731)
<b>NONOPERATING REVENUES</b>			
Interest income	2,560	26	2,586
Grant contributions	<u>-</u>	<u>5,111,029</u>	<u>5,111,029</u>
Total nonoperating revenues	<u>2,560</u>	<u>5,111,055</u>	<u>5,113,615</u>
Change in net position	311,792	4,426,092	4,737,884
<b>Net position - beginning of year</b>	<u>16,915,330</u>	<u>100,000</u>	<u>17,015,330</u>
<b>Net position - end of year</b>	<u>\$ 17,227,122</u>	<u>\$ 4,526,092</u>	<u>\$ 21,753,214</u>

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED DECEMBER 31, 2021**

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<u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>U.S. Department of Commerce</b>				
<i>Passed through Erie County Industrial Development Agency</i>				
Economic Adjustment Assistance	11.307	Various	\$ -	\$ 12,836,856
COVID 19 - Economic Adjustment Assistance-CARES Act	11.307	01-79-15022	-	5,330,571
<i>Total Economic Development Cluster</i>			<u>-</u>	<u>18,167,427</u>
<i>Total U.S. Department of Commerce</i>			<u>-</u>	<u>18,167,427</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ -</u>	<u>\$ 18,167,427</u>

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021**

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Buffalo and Erie County Regional Development Corporation (RDC), under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Federal awards passed through from other governmental agencies are included in the schedule. Because the Schedule presents only a selected portion of the operations of the RDC, it is not intended and does not present the financial position, changes in net position, or cash flows of the RDC.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported as federal expenditures were obtained from the RDC’s financial reporting system, which is the source of the RDC’s basic financial statements.

**NOTE 3 - ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM**

The Economic Adjustment Assistance program, administered by the U.S. Economic Development Administration (EDA), specifically requires the amount on the Schedule to be calculated as follows:

**Economic Adjustment Assistance**

EDA grants	\$ 12,466,574
Total revolving loan funds	<u>16,622,098</u>
Total EDA share	<u>75%</u>
Cash	\$ 6,845,281
Outstanding loans receivable, 9/30/2021	<u>10,270,527</u>
Sum of EDA dollars/Total project costs	<u>17,115,808</u>
Total EDA share ( <i>noted above</i> )	<u>75%</u>
Total economic assistance	<u>\$ 12,836,856</u>

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
 FOR THE YEAR ENDED DECEMBER 31, 2021**

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**NOTE 4 - ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM – CARES ACT**

The Economic Adjustment Assistance – CARES Act program, administered by the U.S. Economic Development Administration (EDA), specifically requires the amount on the Schedule to be calculated as follows:

<b>Economic Adjustment Assistance - CARES Act</b>	
Cash	\$ 379,541
Outstanding loans receivable, 12/31/2021	4,740,000
Administrative cost allowance	211,030
Loan write-offs	<u>-</u>
Sum of EDA dollars/Total project costs	5,330,571
Total EDA share	<u>100% *</u>
Total economic adjustment assistance	<u>\$ 5,330,571</u>

\* CARES Act funding is 100% federally funded. There are no applicable matching requirements.

**NOTE 5 - INDIRECT COST RATE**

RDC has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 6 – REVOLVING LOAN FUND DEFEDERALIZATION**

During the current year RDC was approved through the Reinvigorating Lending for the Future Act to release its EDA federal interest in the Revolving Loan Fund (RLF). This release of federal interest as of September 30, 2021 in the amount of \$12,836,856, is due to the Revolving Loan Fund awards operating satisfactorily for seven years beyond the disbursement of grant funds.



## **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 Board of Directors of the  
Buffalo and Erie County Regional Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Buffalo and Erie County Regional Development Corporation (RDC), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise RDC'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 the RDC's internal control over financial reporting (internal control) as a basis for designing the 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 RDC's internal control. Accordingly, we do not express an opinion of the effectiveness of the RDC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the RDC'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 the RDC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Buffalo and Erie County Regional Development Corporation

**Report on Compliance for Each Major Federal Program**

We have audited the Buffalo and Erie County Regional Development Corporation's (RDC) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the RDC's major federal programs for the year ended December 31, 2021. RDC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the RDC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the RDC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the RDC's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the RDC's compliance with the requirements of each major federal program as a whole.

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the RDC as of and for the year ended December 31, 2021, and have issued our report thereon dated March 24, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Freed Maxick CPAs, P.C.*

Buffalo, New York  
March 24, 2022

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2021**

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**I. SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

       Yes              X   No  
       Yes              X   None Reported

Noncompliance material to financial statements noted?

       Yes              X   No

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

       Yes              X   No  
       Yes              X   None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

       Yes              X   No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program

11.307

Economic Adjustment Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$       750,000      

Auditee qualified as low-risk auditee?

  X   Yes                   No

**II. FINDINGS - FINANCIAL STATEMENT AUDIT**

There were no findings related to the financial statement audit noted for the year ended December 31, 2021.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION**

There were no findings or questioned costs related to federal awards noted for the year ended December 31, 2021.

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**I. FINANCIAL STATEMENT AUDIT**

There were no findings related to the financial statement audit noted for the year ended December 31, 2020.

**II. FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION**

There were no findings or questioned costs related to federal awards noted for the year ended December 31, 2020.