



**Buffalo and Erie County Regional Development Corporation  
Meeting of the Membership  
March 27, 2024 at 12:00 p.m.**

**ECIDA Offices  
95 Perry Street, 4<sup>th</sup> Floor Conference Room  
Buffalo, New York 14203**

**1.0 Call to Order**

**2.0 Approval of Minutes**

- 2.1 Approval of the October 25, 2023 Minutes of the Meeting of the Board of Directors (Action Item) (Pages 2-3)

**3.0 Reports / Action Items / Information Items:**

- 3.1 Financial Report (Informational) (Pages 4-7)  
3.2 Finance & Audit Committee Update (Informational) (Pages 8-9)  
    a) Committee Self-Evaluation (Informational) (Pages 10-14)  
3.3 Audited Financial Statements (Action Item) (Pages 15-44)  
3.4 2023 – Investment Report (Action Item) (Pages 45-47)  
3.5 Governance Committee Report (Informational) (Pages 48-49)  
    a) Committee Self-Evaluation (Informational) (Pages 50-53)  
    b) Board of Directors Evaluation/Survey (Informational) (Page 54-55)  
3.6 Loan Status Report (Informational) (Page 56)  
3.7 Approval of Board Certification of Loan Administration Plan-CARES ACT RLF (Action Item) (Pages 57-59)

**4.0 Review and Adoption of Policies, Reports and Committee Charters (Action Items) (Separate Package)**

1. 2023 - Mission Statement, Performance Measures and Results (Pages 2-17)
2. 2024 - Mission Statement and Performance Measures (Pages 18-25)
3. 2023 - Public Authorities Report (Pages 26-78)

**Re-Adopt Policies & Charters (Action Items)**

4. Airborne Infectious Disease Policy (Pages 79-87)
5. Board Member Compensation, Reimbursement & Attendance Policy (Page 88)
6. Code of Ethics & Conflict of Interest Policy (Pages 89-94)
7. Defense & Indemnification Policy (Page 95)
8. Corporate Credit Card Policy (Pages 96-98)
9. ECIDA Employee Compensation Program (Pages 99-100)
10. Fee Structure Policy (For ECIDA & ILDC Only) (Page 101)
11. Finance & Audit Committee Charter (Pages 102-106)
12. Governance Committee Charter (Pages 107-109)
13. Investment & Deposit Policy (Pages 110-117)
14. Procurement Policy (Pages 118-122)
15. Professional Services RFP Process and Policy (Pages 123-125)
16. Property Disposition Guidelines (Pages 126-132)
17. Real Property Acquisition Policy (Pages 133-134)
18. Sexual Harassment Policy (Pages 135-143)
19. Statement of Duties & Responsibilities of the Board of Directors (Pages 144-146)
20. Statement of the Competencies & Personal Attributes Required of Board Members (Page 147)
21. Travel, Conferences, Meals & Entertainment Policy (Pages 148-153)
22. Video Conferencing Policy (Pages 154-157)
23. Whistleblower Policy and Procedures (Pages 158-160)

**5.0 Management Team Reports:**

5.1

**6.0 Adjournment- Next Meeting April 24, 2024 (Annual Meeting)**

**MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF THE  
BUFFALO AND ERIE COUNTY REGIONAL  
DEVELOPMENT CORPORATION  
(RDC)**

**DATE AND PLACE:** October 25, 2023, at the Center of Excellence in Bioinformatics and Life Sciences (CBLS), 701 Ellicott Street, The Event Space/Conference Room B2-205, located on the 2nd floor, Buffalo, New York 14203

**PRESENT:** Hon. Diane Benczkowski, Rev. Mark Blue, Hon. Joseph Emminger, Dottie Gallagher, Hon. Howard Johnson, Richard Lipsitz, Jr., Brenda McDuffie, Denise McGowan, Hon. Glenn R. Nellis, Hon. Mark Poloncarz, Kenneth A. Schoetz and Paul Vukelic

**EXCUSED:** Denise Abbott, Hon. Bryon W. Brown, James Doherty, Michael P. Hughes, Tyra Johnson, Hon. Brian Kulpa and Darius G. Pridgen

**OTHERS PRESENT:** John Cappellino, President & CEO; Beth O’Keefe, Vice President of Operations; Gerald Manhard, Chief Lending Officer; Atiqa Abidi, Accounting Manager; Soma Hawramee, Compliance Portfolio Manager; Brian Krygier, Director of Information Technology; Carrie Hocieniec, Operations Assistant/Assistant Secretary; Laurie Hendrix, Administrative Coordinator and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC

**GUESTS:** Zachary Evans on behalf of Erie County

There being a quorum present at 12:48 p.m., the meeting of the Buffalo and Erie County Regional Development Corporation (the “RDC”), was called to order by its Chair, Ms. McDuffie.

**MINUTES**

The minutes of the September 27, 2023, meeting of the members were presented. Ms. Gallagher moved, and Mr. Vukelic seconded, to approve of the minutes. Ms. McDuffie called for the vote, and the minutes were then unanimously approved.

**REPORTS/ACTION ITEMS/INFORMATION ITEMS**

Financial Report. Ms. Abidi presented the September financial reports. The balance sheet shows that the RDC finished the month with total assets of \$22.8M, consisting mainly of cash and loans receivable. Liabilities reflect amounts due to ECIDA for 2023 costs and net assets are \$22.5M. The September income statement shows \$61,000 of revenue, mainly loan interest income, and \$26,500 of expenses. Overall net income for the month was \$34,600. The year-to-

date income statement shows revenues of \$582,000 and \$272,000 of expenses, for net income of \$309,000 through September. Ms. McDuffie directed that the report be received and filed.

Review of 2024 Budget Timetable and Approval of 2024 Proposed Budget. Ms. Abidi reviewed the budget review process. She stated that the RDC held two Budget Q&A sessions since the last Board meeting and had some good insights and conversation around the process. Ms. Abidi also recommended the proposed 2024 budget be approved and explained the changes to the budget for 2024 and the budget itself. Budgeted revenues consist of mainly interest income from loans, at \$720,000 based on anticipated loan closings by the end of 2023. Currently six loans for \$4.45M closed in 2023. Budgeted expenses are made up mainly of the ECIDA Management Fee (salary and benefit costs of ECIDA staff based on time spent on RDC business) and a provision for loan losses, estimated at 2.7% of projected outstanding loans or \$550,000. The reserve for loan losses was recommended by the Board members to be reduced to \$350,000 from \$550,000. The budgeted figures result in a budgeted net income of \$17,675. Ms. Abidi noted that the provision for loan losses is a conservative estimate. She reviewed the budget as broken out by loan fund. Ms. Abidi also reviewed the 3-year forecast as required by the ABO. Ms. Gallagher moved and Mr. Vukelic seconded to approve of the proposed 2024 budget. Ms. McDuffie then called for the vote and the motion was unanimously approved.

Loan Status Report. Mr. Manhard provided the report. Ms. McDuffie directed that the report be received and filed.

There being no further business to discuss, Ms. McDuffie adjourned the meeting at 1:00 p.m.

Dated: October 25, 2023

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Elizabeth A. O'Keefe, Secretary

**Regional Development Corporation**

**Financial Statements**

As of February 29, 2024

**REGIONAL DEVELOPMENT CORPORATION ("RDC")**

**Balance Sheet**

February 29, 2024

	February 2024	January 2024	December 2023
<b>ASSETS:</b>			
Restricted Cash**	\$ 5,557,513	\$ 5,298,687	\$ 4,004,723
Accounts Receivable	253,958	249,689	282,734
Direct Loans *	17,696,334	17,900,631	19,102,476
Reserve for Loan losses	(394,000)	(394,000)	(394,000)
Total Loan Assets, net	<u>17,302,334</u>	<u>17,506,631</u>	<u>18,708,476</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 23,113,806</u></u>	<u><u>\$ 23,055,007</u></u>	<u><u>\$ 22,995,933</u></u>
<b>LIABILITIES &amp; NET ASSETS</b>			
Accounts Payable	\$ -	\$ -	\$ 2,043
Deferred Revenue	12,509	12,509	12,509
Due to ECIDA	352,727	326,527	300,327
Total Liabilities	<u>365,237</u>	<u>339,037</u>	<u>314,880</u>
Restricted Fund Balance	<u>22,748,569</u>	<u>22,715,970</u>	<u>22,681,053</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 23,113,806</u></u>	<u><u>\$ 23,055,007</u></u>	<u><u>\$ 22,995,933</u></u>

<b>* Loan Portfolio Summary:</b>	February 2024	January 2024	December 2023
# of Legacy RLF Loans	35	35	38
# of CARES Act RLF Loans	29	29	28
	<u>64</u>	<u>64</u>	<u>66</u>

\*\* Cash is invested in interest bearing accounts at M&T Bank. The maximum FDIC insured amount is \$250,000, with the remainder collateralized with government obligations by the financial institution.

**REGIONAL DEVELOPMENT CORPORATION ("RDC")**  
**Income Statement**  
Month of February 2024

	<b>Actual vs. Budget</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
<b>REVENUES:</b>			
Interest Income - Loans	\$ 49,662	\$ 60,000	\$ (10,338)
Administrative Fees	-	1,146	(1,146)
Other Income	-	208	(208)
<b>Total Revenues</b>	<b>49,662</b>	<b>61,354</b>	<b>(11,692)</b>
<b>EXPENSES:</b>			
Management Fee - ECIDA*	24,000	24,000	-
Rent & Facilities Expenses	2,200	2,267	(67)
Professional Services	-	4,325	(4,325)
General Office Expenses	-	333	(333)
Other Expenses	1,559	1,481	78
<b>Total Expenses</b>	<b>27,759</b>	<b>32,406</b>	<b>(4,647)</b>
<b>OPERATING INCOME(LOSS):</b>	<b>21,903</b>	<b>28,948</b>	<b>(7,045)</b>
<b>NONOPERATING REVENUE:</b>			
Interest Income	10,696	1,692	9,004
<b>Total Nonoperating Revenue</b>	<b>10,696</b>	<b>1,692</b>	<b>9,004</b>
<b>NET INCOME/(LOSS):</b>	<b>\$ 32,599</b>	<b>\$ 30,640</b>	<b>\$ 1,959</b>

\* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2024 budgeted figures.

**REGIONAL DEVELOPMENT CORPORATION ("RDC")**

**Income Statement**

Year to Date: February 29, 2024

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
<b>REVENUES:</b>						
Interest Income - Loans	\$ 98,789	\$ 120,000	\$ (21,211)	\$ 98,789	\$ 95,785	\$ 3,004
Administrative Fees	2,650	2,292	358	2,650	-	2,650
Other Income	-	417	(417)	-	213	(213)
<b>Total Revenues</b>	<b>101,439</b>	<b>122,708</b>	<b>(21,269)</b>	<b>101,439</b>	<b>95,997</b>	<b>5,442</b>
<b>EXPENSES:</b>						
Management Fee - ECIDA*	48,000	48,000	-	48,000	46,800	1,200
Rent & Facilities Expenses	4,400	4,533	(133)	4,400	4,400	-
Professional Services	-	8,650	(8,650)	-	-	-
General Office Expenses	-	667	(667)	-	-	-
Other Expenses	2,539	2,963	(424)	2,539	2,731	(192)
<b>Total Expenses</b>	<b>54,939</b>	<b>64,813</b>	<b>(9,874)</b>	<b>54,939</b>	<b>53,931</b>	<b>1,008</b>
<b>OPERATING INCOME(LOSS):</b>	<b>46,500</b>	<b>57,896</b>	<b>(11,396)</b>	<b>46,500</b>	<b>42,066</b>	<b>4,434</b>
<b>NONOPERATING REVENUE:</b>						
Interest Income	21,015	3,383	17,632	21,015	15,136	5,879
<b>Total Nonoperating Revenue</b>	<b>21,015</b>	<b>3,383</b>	<b>17,632</b>	<b>21,015</b>	<b>15,136</b>	<b>5,879</b>
<b>NET INCOME/(LOSS):</b>	<b>\$ 67,515</b>	<b>\$ 61,279</b>	<b>\$ 6,236</b>	<b>\$ 67,515</b>	<b>\$ 57,203</b>	<b>\$ 10,313</b>

\* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2024 budgeted figures.



To: ECIDA, RDC & ILDC Boards of Directors  
From: Michael Szukala, Chair  
Date: March 27, 2024  
Re: Finance & Audit Committee Report

In accordance with its Committee Charter, the Finance & Audit Committee is required to “report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Finance and Audit Committee and when otherwise requested by the Board”. This report is prepared to satisfy this requirement.

A joint meeting of the ECIDA, RDC & ILDC Finance & Audit Committee was held on March 21, 2024. Committee members present were: Michael Szukala, Chair, Glenn Nellis, Paul Vukelic, and William Witzleben. The following items were reviewed:

1) Lumsden McCormick CPAs Report including Draft 2023 Audited Financial Statements

The Agency’s auditors presented the Draft 2023 Audited Financial Statements for ECIDA, RDC, and ILDC (copies of which are included in respective Board packages).

- The independent auditors expressed an unmodified (clean) opinion on the financial statements of all entities. This type of opinion indicates that the financial statements present fairly, in all material respects, the financial position of the entities as of December 31, 2023 and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.
- No uncorrected audit adjustments were noted.
- No significant deficiencies or material weaknesses in internal controls noted.

2) Public Authorities Accountability Act (PAAA) 2023 Annual Report

The joint Finance & Audit Committee reviewed the PAAA 2023 Annual Report required under the Public Authorities Law and recommended that it be approved by their respective Boards.

3) 2023 Investment Reports

The joint Finance & Audit Committee reviewed the 2023 Investment Reports, which are required under the Public Authorities Law and recommended that they be approved by their respective Boards.

4) Re-Adoption of Policies & Charter

The joint Finance & Audit Committee reviewed the following policies and charter of the ECIDA/RDC/ILDC:

- Corporate Credit Card Policy
- Investment and Deposit Policy
- Finance & Audit Committee Charter

ECIDA/RDC/ILDC General Counsel Harris Beach reviewed the above referenced items and did not recommend any changes. The Authorities Budget Office (ABO) did not publish any new recommended guidance for any of these policies.

5) Finance & Audit Committee Self-Evaluation

The joint Finance & Audit Committee approved a report that documents the Committee’s activities for 2023 as required under the Public Authorities Law.



- 6) The Committee reviewed Management's Assessment of the Effectiveness of Internal Controls, a document prepared by management based on internal control processes and procedures of the organization. The document will be posted on the website as required by the ABO.
- 7) The Committee reviewed a summary of the corporate credit card usage in accordance with the Corporate Credit Card Policy.
- 8) The Committee reviewed a document entitled "Audit Committees: So Much More Than Financial Statement Oversight" from Deloitte's Center for Board Effectiveness to satisfy the educational requirements set forth in the Finance & Audit Committee Charter.

**Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County  
Regional Development Corporation (RDC), and Buffalo and Erie County  
Industrial Land Development Corporation (ILDC)**

**2023 Finance & Audit Committee Self-Evaluation**

**Responsibilities of the Finance & Audit Committee:**

The core responsibilities of the Finance & Audit Committee, as mandated under Section 2825 of the New York Public Authorities Law, are set forth in the Bylaws and include: (i) providing assistance to members of the Agency in fulfilling their fiduciary responsibilities relating to accounting, reporting, and regulatory compliance practices; (ii) maintaining, through regular meetings, direct communication between the members of the Agency and the Agency’s independent accountants and auditors; (iii) maintaining direct communication between members of the Agency and the governmental authorities having audit authority or fiscal oversight of the Agency; (iv) approving the budget of the Agency for submission to the Board; (v) approving and/or directing the transfers of moneys under the budget; (vi) recommending to the Board the level of cash reserves and the level of fund balances of the Agency.

Finance & Audit Committee Self-Evaluation	Yes	No	Pen ding	Comments
1. Are the members of the Finance & Audit Committee appointed in accordance with the Bylaws and do individuals appointed to the Finance & Audit Committee possess the necessary skills to understand the duties and functions of the Finance & Audit Committee and are familiar with corporate financial and accounting practices?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Is each member of the Finance & Audit Committee an “independent member” within the meaning of, and to the extent required by, Section 2825 of the New York Public Authorities Law, as amended from time to time? Did Finance & Audit Committee members, who are members of the Agency, comply with the conflict of interest provisions applicable to public officers under Article 18 of the New York General Municipal Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Did the Finance & Audit Committee meet a minimum of twice each calendar year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Finance & Audit Committee met on 1/10/23, 3/16/23, 8/17/23, 9/21/23, 10/19/23 (no quorum), and 10/25/23.

Finance & Audit Committee Self-Evaluation	Yes	No	Pending	Comments
<p>4. Were meeting notices and agendas prepared for each meeting and provided to Finance &amp; Audit Committee members by electronic or regular mail at least five (5) days in advance of the scheduled meeting? Were minutes of all meetings recorded by the Secretary or any Assistant Secretary of the Agency? Did all meetings comply with the requirements of the Open Meetings Law?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>5. Did the Finance &amp; Audit Committee develop the Agency's audit practices, which should address independent auditors and financial statements; internal controls, compliance, and risk assessment; special investigations; and other responsibilities?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	See Questions #6-#10 below.
<p>6. Did the Finance &amp; Audit Committee:</p> <p>(a) Recommend to the Board the appointment of independent auditors, establish the compensation to be paid to the auditors, and provide oversight of the audit services provided by the independent auditor?</p> <p>(b) Establish procedures for the engagement of the independent auditors to provide permitted audited services?</p> <p>(c) Review and approve the Agency's audited financial statements, associated management letter, and all other auditor communications?</p> <p>(d) Review significant accounting and reporting issues and understand their impact on the financial statements of the Agency?</p> <p>(e) Meet with the Agency's independent auditor at least annually to discuss the financial statements of the Agency and any issues that may have arisen during the audit?</p> <p>(f) Review and discuss any significant risks reported in the independent audit and assess the responsiveness of management's follow-up activities regarding same?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>In March 2023, Lumsden McCormick completed audits of the ECIDA, RDC, and ILDC for the year ended 12/31/22. The auditors issued unmodified (clean) opinions that the statements fairly presented the financial position of the above referenced corporations. The auditors also indicated that the audits did not uncover any material weaknesses in internal control and there were no instances of non-compliance in accordance with government auditing standards.</p>

Finance & Audit Committee Self-Evaluation	Yes	No	Pending	Comments
<p>7. Did the Finance &amp; Audit Committee review management's assessment of the effectiveness of the Agency's internal controls and review the actions taken by management on the independent accountants' and auditors' suggestions for correcting weaknesses in the Agency's internal controls, regulatory compliance, and organizational structure and operations?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Management's assessment of the effectiveness of internal controls was reviewed with the Committee at the 3/16/23 meeting. The March 2023 audit reports did not identify any internal controls or material weaknesses.</p>
<p>8. Did the Finance &amp; Audit Committee:</p> <p>(a) Ensure that the Agency has a confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest by directors, officers, or employees of the Agency or anyone having business dealings with the Agency?</p> <p>(b) Develop procedures for the receipt, retention, investigation, or referral of complaints concerning accounting, internal controls, and auditing?</p> <p>(c) Request and oversee special investigations as needed or refer specific issues to the Board or appropriate committee for further investigation?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The ECIDA adopted a Whistleblower Policy in March of 2012. The Policy describes the process for reporting suspected fraudulent activities and describes the protections afforded to individuals who report suspected fraudulent activities. The Policy was re-adopted by the Board of Directors on 3/22/23.</p>
<p>9. Did the Finance &amp; Audit Committee obtain information and training needed to enhance the committee members' understanding of the role of the independent auditor, the risk management process, internal controls, and appropriate level of familiarity in financial reporting standards and processes?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>On 3/16/23, the Committee received an article entitled, "2023: The year of the risk-centric agenda" published by the Deloitte Center for Board Effectiveness.</p>

Finance & Audit Committee Self-Evaluation	Yes	No	Pending	Comments
<p>10. Did the Finance &amp; Audit Committee:</p> <p>(a) Report its actions and recommendations to the Board?</p> <p>(b) Report to the Board at least annually regarding any changes to the Finance &amp; Audit Committee Charter?</p> <p>(c) Provide a self-evaluation to the Board on an annual basis?</p> <p>(d) Report to the Board at least annually on the findings of its independent auditors?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Committee reported its actions and recommendations to the Board following each meeting. On 3/22/23, the Audit &amp; Finance Committee reported on its activities to the ECIDA Board of Directors. These activities included the: (1) Audit &amp; Finance Committee self-evaluation; (2) Audit &amp; Finance Committee Charter; (3) draft 2022 financial statements audited by Lumsden McCormick; (4) Corporate Credit Card Policy; (5) 2022 Public Authorities Annual Report; (6) Investment &amp; Deposit Policy; and (7) 2022 Investment Report.</p>

## Finance & Audit Committee Self-Evaluation

### ***Other Self-Evaluation Notes***

In addition to the above:

- During its 1/10/23 meeting, the Committee discussed the 2022 audit plan with Lumsden McCormick and approved a recommendation to the Board for public sector banking services.
- During its 3/16/23 meeting, the Committee reviewed drafts of the 2022 audited financial statements for the ECIDA, RDC, and ILDC. The Committee also reviewed the 2022 PAAA Annual Report, 2022 Investment Reports, Investment & Deposit Policy, Finance & Audit Committee Charter, Corporate Credit Card Policy, the 2022 Finance & Audit Self-Evaluation, 2022 Management's Assessment of Internal Controls, and Corporate Credit Card Usage Report.
- During its 8/17/23 meeting, ECIDA staff discussed the ECIDA, RDC, and ILDC budget review process and the timelines for obtaining approval for those budgets. The Committee also reviewed drafts of the 2024 ECIDA, RDC, and ILDC operating and capital budgets and three-year forecasts. The Committee also approved a recommendation for actions related to the lease of office space at 95 Perry Street.
- During the 9/21/23 meeting, the Committee reviewed updated drafts of the 2024 ECIDA, RDC, and ILDC operating and capital budgets and three-year forecasts. The Committee approved a motion to forward the respective budgets to the Boards of each entity for approval.
- During the 10/25/23 meeting, the Committee recommended a tax-exempt bond issuance for Westchester Park Preservation, LP and a refinancing of the City School District of the City of Buffalo Series 2013A bonds be forwarded to the ECIDA board for approval.

# DRAFT

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

March 21, 2024

Members of the Finance & Audit Committees and Boards of Directors  
Erie County Industrial Development Agency and related entities

We have audited the separate financial statements of Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County Regional Development Corporation (RDC), and Buffalo and Erie County Industrial Land Development Corporation (ILDC), business-type activities (collectively, the Organizations) for the year ended December 31, 2023. Professional standards require that we advise you the following matters related to our audits.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated January 19, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether each entity's financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audits of each entity's financial statements do not relieve you or management of their respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audits to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of each entity's internal control over financial reporting. Accordingly, as part of our audits, we considered the internal control of each entity solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible to communicate significant matters related to the audits that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audits consistent with the planned scope and timing we previously communicated to you in the engagement letter.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

### **Significant Risks Identified**

Our audit planning and risk assessment identified management override of controls and improper revenue recognition as significant audit risks, both of which are presumptive risks in financial statement audits. Our audit procedures were designed to address these risks and no matters of concern were identified as a result of our procedures.

# DRAFT

## **Qualitative Aspects of the Organizations' Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organizations are included in Note 1 to each entity's financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting each entity's financial statements are:

- Establishing allowances for uncollectible loans
- Depreciable lives and methods
- Valuation of other assets
- Valuation of leases receivable and payable

Management's estimates of the above are based on management's knowledge and experience about past and current events and assumptions about future events. We evaluated the key factors and assumptions used to develop the estimates above and determined that they are reasonable in relation to each entity's financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We evaluated all disclosures in relation to each entity's financial statements as a whole and determined that they are reasonable.

### **Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audits.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. We discovered no such misstatements during our audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. No audit adjustments were made for the year ended December 31, 2023.



# DRAFT

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to each entity's financial statements or the auditors' report. No such disagreements arose during the course of the audits.

## **Circumstances that Affect the Form and Content of the Auditors' Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditors' reports. There were no modifications to the audit opinions.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated consistent with the financial statement audit report date.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matter.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Organizations, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the Organizations, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our appointment as the Organizations' auditors.

## **Other Matters**

We applied certain limited procedures to Management's Discussion and Analysis that supplements the basic financial statements for each entity. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to each of the supplementary information accompanying the financial statements of each entity, we made certain inquiries of management and evaluated the form, content, and methods of preparing the schedules to determine that the information complies with accounting principles generally accepted in the United States of America, the methods of preparing them has not changed from the prior period, and the schedules are appropriate and complete in relation to our audits of the Organizations' financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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This information is intended solely for the use of the Finance & Audit Committees, Board of Directors, and management of the Organizations. It is not intended to be and should not be used by anyone other than these specified parties.

# DRAFT

## MANAGEMENT LETTER

March 21, 2024

The Finance & Audit Committees, Boards of Directors, and Management  
Erie County Industrial Development Agency and related entities

In planning and performing our audits of the financial statements of Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County Regional Development Corporation, and Buffalo and Erie County Industrial Land Development Corporation (collectively, the Organizations), business-type activities, as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Organizations' 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 opinions on the separate financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

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This communication is intended solely for the information and use of management, the Finance & Audit Committees, Boards of Directors, and others within the Organizations. It is not intended to be, and should not be, used by anyone other than these specified parties.

**DRAFT**

**BUFFALO AND ERIE COUNTY REGIONAL  
DEVELOPMENT CORPORATION**

**SINGLE AUDIT REPORTING PACKAGE**

**DECEMBER 31, 2023**

# DRAFT

## BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

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### Table of Contents

December 31, 2023

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Independent Auditors' Report

Management's Discussion and Analysis

#### Financial Statements

Balance Sheets

Statements of Revenues, Expenses, and Changes in Net Position

Statements of Cash Flows

Notes to Financial Statements

#### Supplementary Information

Combining Schedule of Balance Sheets

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

Schedule of Expenditures of Federal Awards and related notes

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

Schedule of Findings and Questioned Costs

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

# DRAFT

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Buffalo and Erie County Regional  
Development Corporation

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Buffalo and Erie County Regional Development Corporation (RDC), a business-type activity, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise RDC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RDC as of December 31, 2023 and 2022, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RDC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RDC's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

# DRAFT

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RDC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RDC's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

GAAP requires that management's discussion and analysis be presented to supplement the 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

# DRAFT

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise RDC's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024 on our consideration of RDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RDC's internal control over financial reporting and compliance.

March 21, 2024



# DRAFT

## BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

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### Management's Discussion and Analysis (Unaudited)

December 31, 2023

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

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

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, 2023, 2022, and 2021. We encourage readers to consider the information presented here in conjunction with RDC's audited financial statements.

### Basic Overview of the Financial Statements

Included in this report are the following financial statements:

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

### Financial Highlights

- RDC's net position increased from \$22,175,000 in 2022 to \$22,681,000 in 2023.
- RDC experienced an increase in net position of \$506,000 in 2023 compared to an increase of \$422,000 in 2022.
- Operating revenues increased 21% from \$555,000 in 2022 to \$673,000 in 2023.
- Operating expenses increased 33% from \$243,000 in 2022 to \$324,000 in 2023.



# DRAFT

## Condensed Comparative Financial Statements:

### Balance Sheets at December 31:

<i>in thousands</i>	2023	2022	\$ Change	% Change	2021
<b>Assets</b>					
Cash	\$ 4,287	\$ 5,461	\$ (1,174)	(21%)	\$ 7,790
Accounts and grants receivable	-	-	-	N/A	10
Loans receivable, net	18,709	17,104	1,605	9%	14,250
<b>Total assets</b>	<b>\$ 22,996</b>	<b>\$ 22,565</b>	<b>\$ 431</b>	<b>2%</b>	<b>\$ 22,050</b>
<b>Liabilities</b>					
Accounts payable	\$ 2	\$ 2	\$ -	-	\$ -
Due to affiliate	300	291	9	3%	297
Unearned revenue	13	97	(84)	(87%)	-
<b>Total liabilities</b>	<b>315</b>	<b>390</b>	<b>(75)</b>	<b>(19%)</b>	<b>297</b>
<b>Net position</b>					
Restricted	4,603	4,555	48	1%	4,526
Unrestricted	18,078	17,620	458	3%	17,227
<b>Total net position</b>	<b>22,681</b>	<b>22,175</b>	<b>506</b>	<b>2%</b>	<b>21,753</b>
<b>Total liabilities and net position</b>	<b>\$ 22,996</b>	<b>\$ 22,565</b>	<b>\$ 431</b>	<b>2%</b>	<b>\$ 22,050</b>

RDC's cash balance decreased 21% or \$1,174,000 primarily due to loan disbursements in 2023. The cash decrease from \$7,790,000 in 2021 to \$5,461,000 in 2022 was also a result of loan disbursements. Year over year decreases in cash correspond with year over year increases in loans receivable.

Loans receivable relate to the RLFs operated by RDC, net of an allowance. Loans receivable increased \$1,605,000 or 9% from 2022 to 2023, due to \$4,450,000 of new loans closed during 2023, net of \$2,845,000 of principal repayments. The increase in loans receivable from \$14,250,000 in 2021 to \$17,104,000 in 2022 was due to loans disbursed in 2022.

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 \$9,000 increase in due to affiliate from 2022 to 2023 is mainly due to an increase to the hourly rates of ECIDA employees. The decrease in amounts due to affiliate from \$297,000 in 2021 to \$291,000 in 2022 reflected a decrease in hours spent on RDC activities by ECIDA employees.

Unearned revenue reflects a portion of the CARES Act sub-grant funds received that were not spent as of the end of the year. The \$84,000 or 87% decrease from 2022 to 2023 is due to grant revenue recognized in 2023.

# DRAFT

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

<i>in thousands</i>	2023	2022	\$ Change	% Change	2021
<b>Operating revenues:</b>					
Interest from loans	\$ 652	\$ 536	\$ 116	22%	\$ 447
Loan commitment fees	21	19	2	11%	-
<b>Total operating revenues</b>	<b>673</b>	<b>555</b>	<b>118</b>	<b>21%</b>	<b>447</b>
<b>Operating expenses:</b>					
General and administrative	\$ 351	\$ 331	\$ 20	6%	\$ 405
Loan loss expense, net of recoveries	(27)	(88)	61	(69%)	418
<b>Total operating expenses</b>	<b>324</b>	<b>243</b>	<b>81</b>	<b>33%</b>	<b>823</b>
<b>Operating income (loss)</b>	<b>349</b>	<b>312</b>	<b>37</b>	<b>12%</b>	<b>(376)</b>
<b>Nonoperating revenues</b>					
Interest income	73	13	60	462%	3
Grant contributions	84	97	(13)	(13%)	5,111
<b>Total nonoperating revenues</b>	<b>157</b>	<b>110</b>	<b>47</b>	<b>43%</b>	<b>5,114</b>
<b>Change in net position</b>	<b>\$ 506</b>	<b>\$ 422</b>	<b>\$ 84</b>	<b>20%</b>	<b>\$ 4,738</b>

### Revenue Analysis

Interest from loans is collected from borrowers in accordance with the terms of each promissory note. RDC loans bear interest at rates ranging from 1.0% to 5.5%, in accordance with the Loan Administration Plan provisions in effect at the time the loan is approved. Interest from loans increased \$116,000, or 22%, from 2022 to 2023 because of the increase in loans receivable and higher interest rates associated with more recent loans. Interest increased from \$447,000 in 2021 to \$536,000 in 2022 due to the increase in loans receivable.

Loan commitment fees are generally charged on loans greater than \$100,000. Commitment fees vary from year to year depending on individual loan amounts. In 2023, there were four loans that incurred commitment fees of \$21,000. In 2022 there were six loans that incurred commitment fees of \$19,000. In 2021, commitment fees were waived as a result of the COVID-19 pandemic.

### Expense Analysis

In 2023, general and administrative expenses increased \$20,000 from \$331,000 to \$351,000. The increase is mainly attributable to increases in legal and marketing costs. In 2023, RDC incurred higher legal costs associated with specific loans and performed targeted marketing of the loan funds. General and administrative expenses decreased \$74,000 from 2021 to 2022 primarily due to a spike in costs associated with the initial administration and disbursement of loans under the CARES Act RLF.

Loan loss expense, net of recoveries consists of the amount of loan loss expense in a year, net of any recoveries for loans previously written off. In 2023, the net expense is due to reductions in the allowance of \$26,000. Two loans totaling \$104,900 were written off in 2023 that were previously included in the allowance for uncollectible loans. In 2022 loan loss expense was \$4,000, net of reductions to the allowance of \$92,000 due to loan recoveries. No loans were written off in 2022. Two loans that were part of the reserve in 2021 were paid off in 2022, and the reserve on a third loan was removed due to a satisfactory payment history.

Grant contributions relate directly to amounts granted from ECIDA under the CARES Act RLF established in 2022. In 2023, \$84,000 of administrative costs were incurred, compared to \$97,000 in 2022.

# DRAFT

## Budget to Actual Analysis for the year ended December 31, 2023:

RDC prepares an annual budget which was presented and approved by the Board of Directors on October 26, 2022. The following table presents an analysis of RDC's performance compared to the approved 2023 budget.

<i>in thousands</i>	Actual	Budget	\$ Variance	% Variance
<b>Operating revenues:</b>				
Interest from loans	\$ 652	\$ 630	\$ 22	3%
Loan commitment fees	21	15	6	100%
<b>Total operating revenues</b>	<b>673</b>	<b>645</b>	<b>28</b>	<b>4%</b>
<b>Operating expenses:</b>				
General and administrative	\$ 351	\$ 398	\$ (47)	(12%)
Loan loss expense, net of recoveries	(27)	445	(472)	(106%)
<b>Total operating expenses</b>	<b>324</b>	<b>843</b>	<b>(519)</b>	<b>(62%)</b>
<b>Operating income (loss)</b>	<b>349</b>	<b>(198)</b>	<b>547</b>	<b>(276%)</b>
<b>Nonoperating revenues</b>				
Interest income	73	1	72	7,200%
Grant contributions	84	-	84	100%
<b>Total nonoperating revenues</b>	<b>157</b>	<b>1</b>	<b>156</b>	<b>15,600%</b>
<b>Change in net position</b>	<b>\$ 506</b>	<b>\$ (197)</b>	<b>\$ 703</b>	<b>(357%)</b>

Overall, RDC exceeded its budgeted decrease in net position for 2023 by \$703,000. Total operating revenue was \$28,000, or 4%, above budget due to higher than anticipated interest income from loans in 2023. Total expenses were \$519,000, or 62%, below budget. This was due mainly to the lower than expected reserve for loan losses.

### Economic Factors Impacting RDC

RDC relies upon loan interest income to generate revenue for continued operations. As a result of economic conditions and borrowers' ability to repay, RDC's ability to generate the income necessary to support operations may be limited in the future.

### Requests for Information

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

# DRAFT

## BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

### Balance Sheets

December 31,	2023	2022
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 4,287,457	\$ 5,460,730
Loans receivable (Note 2)	3,856,264	3,056,101
	<u>8,143,721</u>	<u>8,516,831</u>
<b>Noncurrent assets:</b>		
Loans receivable, net (Note 2)	<u>14,852,212</u>	<u>14,047,965</u>
	<u>\$ 22,995,933</u>	<u>\$ 22,564,796</u>
<b>Liabilities and Net Position</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 2,041	\$ 1,516
Due to affiliate (Note 3)	300,328	291,289
Unearned revenue	12,509	97,105
	<u>314,878</u>	<u>389,910</u>
<b>Net position:</b>		
Restricted	4,603,316	4,555,315
Unrestricted	18,077,739	17,619,571
	<u>22,681,055</u>	<u>22,174,886</u>
	<u>\$ 22,995,933</u>	<u>\$ 22,564,796</u>

See accompanying notes.

8

# DRAFT

## BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

### Statements of Revenues, Expenses, and Changes in Net Position

For the years ended December 31,	2023	2022
<b>Operating revenues:</b>		
Interest from loans	\$ 652,208	\$ 536,412
Loan commitment fees	21,250	18,625
Total operating revenues	<u>673,458</u>	<u>555,037</u>
<b>Operating expenses:</b>		
General and administrative	351,680	331,379
Provision for uncollectible loans (recoveries), net	(27,196)	(88,495)
Total operating expenses	<u>324,484</u>	<u>242,884</u>
Operating income	<u>348,974</u>	<u>312,153</u>
<b>Nonoperating revenues:</b>		
Interest income	72,599	12,974
Grant contributions	84,596	96,545
Total nonoperating revenues	<u>157,195</u>	<u>109,519</u>
Change in net position	506,169	421,672
Net position - beginning	<u>22,174,886</u>	<u>21,753,214</u>
<b>Net position - ending</b>	<u>\$ 22,681,055</u>	<u>\$ 22,174,886</u>

See accompanying notes.

9

# DRAFT

## BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

### Statements of Cash Flows

For the years ended December 31,	2023	2022
<b>Operating activities:</b>		
Payments collected on loans receivable	\$ 2,871,575	\$ 2,047,009
Loan interest and fees	673,458	555,037
Loans awarded	(4,450,000)	(4,814,910)
Payments to vendors and affiliates	(342,116)	(330,762)
Bad debt recoveries	1,211	2,478
<b>Net operating activities</b>	<b>(1,245,872)</b>	<b>(2,541,148)</b>
<b>Capital and related financing activities:</b>		
Grant contributions	-	198,489
<b>Investing activities:</b>		
Interest income	72,599	12,974
<b>Change in cash</b>	<b>(1,173,273)</b>	<b>(2,329,685)</b>
Cash - beginning	5,460,730	7,790,415
<b>Cash - ending</b>	<b>\$ 4,287,457</b>	<b>\$ 5,460,730</b>
<b>Reconciliation of operating income to net cash flows from operating activities:</b>		
Operating income	\$ 348,974	\$ 312,153
Adjustments to reconcile operating income to net cash flows from operating activities		
Provision for uncollectible loans	(25,985)	(86,017)
Changes in other assets and liabilities:		
Accounts and grants receivable	-	5,329
Loans receivable	(1,578,425)	(2,767,901)
Accounts payable	525	1,383
Due to affiliate	9,039	(6,095)
	<b>\$ (1,245,872)</b>	<b>\$ (2,541,148)</b>

See accompanying notes.

10

# DRAFT

## BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies:

##### Nature of Organization

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

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

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

##### Basis of Presentation

The financial statements of RDC have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

##### Measurement Focus

RDC reports as a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. RDC's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

RDC's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for services, including interest earned on revolving loan funds, and payments made to purchase those goods or services. Certain other transactions are reported as nonoperating activities and include RDC's interest income from deposits and grants resulting from nonexchange transactions. Grants are recognized as revenue when all eligibility requirements imposed by the provider have been satisfied.

##### Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

##### Cash

Cash management is governed by New York State (the State) laws and as established by RDC's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Management is authorized to use 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 or its localities.



# DRAFT

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that, in the event of a bank failure, RDC's deposits may not be returned to it. At December 31, 2023, RDC's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging bank's agent in RDC's name.

## Loans Receivable

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

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

Interest on loans receivable is accrued as required by the terms of the agreement; management considers that collection is probable based on the current economic condition of the borrower. Interest accrual stops when management adjusts a loan reserve to 50% or more of the loan's outstanding balance.

## Net Position

Net position consists of two components:

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

## Income Taxes

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

## 2. Loans Receivable:

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

During 2020, RDC was awarded an EDA grant (passed through ECIDA) totaling \$5,415,694 as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act to establish the CARES Act RLF to assist the region in response to the COVID-19 pandemic. Loan terms include one year interest-free, one year of interest-only payments, and then principal payments begin in the third year. Unearned revenue totaled \$12,509 and \$97,105 as of December 31, 2023 and 2022.

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

	2023	2022
Current status	\$ 19,102,476	\$ 17,628,952
Less allowance	394,000	524,886
	18,708,476	17,104,066
Less current portion	3,856,264	3,056,101
	<u>\$ 14,852,212</u>	<u>\$ 14,047,965</u>

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

	2023	2022
Balance, beginning of year	\$ 524,886	\$ 610,903
Additions charged to operations	-	4,415
Reduction in allowance	(130,886)	(90,432)
	<u>\$ 394,000</u>	<u>\$ 524,886</u>

Scheduled maturities for the next five years and thereafter are as follows:

	Principal	Interest
2024	\$ 3,856,264	\$ 592,422
2025	3,367,825	484,254
2026	3,206,195	375,579
2027	3,016,884	268,314
2028	1,983,897	185,181
Thereafter	3,671,411	235,421
	<u>\$ 19,102,476</u>	<u>\$ 2,141,171</u>



# DRAFT

### 3. Related Party Transactions:

ECIDA allocates a portion of its personnel and overhead costs to RDC based on a cost allocation plan. Costs allocated by ECIDA amounted to \$286,799 and \$288,468 for the years ended December 31, 2023 and 2022. Amounts owed to ECIDA at December 31, 2023 and 2022 totaled \$300,328 and \$291,289, respectively.

### 4. Contingencies:

#### Grants

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

### 5. Commitments:

Outstanding loan commitments approved but not yet paid totaled \$630,000 at December 31, 2023.

# DRAFT

## BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

### Supplementary Information Combining Schedule of Balance Sheets

December 31, 2023

	Legacy Account	CARES Act Account	Total
<b>Assets</b>			
<b>Current assets:</b>			
Cash	\$ 3,258,101	\$ 1,029,356	\$ 4,287,457
Loans receivable	2,978,005	878,259	3,856,264
	<u>6,236,106</u>	<u>1,907,615</u>	<u>8,143,721</u>
<b>Noncurrent assets:</b>			
Loans receivable, net	12,083,026	2,769,186	14,852,212
	<u>\$ 18,319,132</u>	<u>\$ 4,676,801</u>	<u>\$ 22,995,933</u>
<b>Liabilities and Net Position</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 1,506	\$ 535	\$ 2,041
Due to affiliate	239,887	60,441	300,328
Unearned revenue	-	12,509	12,509
	<u>241,393</u>	<u>73,485</u>	<u>314,878</u>
<b>Net position:</b>			
Restricted		4,603,316	4,603,316
Unrestricted	18,077,739	-	18,077,739
	<u>18,077,739</u>	<u>4,603,316</u>	<u>22,681,055</u>
	<u>\$ 18,319,132</u>	<u>\$ 4,676,801</u>	<u>\$ 22,995,933</u>

# DRAFT

## BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

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

For the year ended December 31, 2023

	Legacy Account	CARES Act Account	Total
<b>Operating revenues:</b>			
Interest from loans	\$ 607,701	\$ 44,507	\$ 652,208
Loan commitment fees	21,250	-	21,250
Total operating revenues	628,951	44,507	673,458
<b>Operating expenses:</b>			
General and administrative	267,084	84,596	351,680
Provision for uncollectible loans (recoveries), net	(26,417)	(779)	(27,196)
Total operating expenses	240,667	83,817	324,484
Operating income (loss)	388,284	(39,310)	348,974
<b>Nonoperating revenues:</b>			
Interest income	69,884	2,715	72,599
Grant contributions	-	84,596	84,596
Total nonoperating revenues	69,884	87,311	157,195
Change in net position	458,168	48,001	506,169
Net position - beginning	17,619,571	4,555,315	22,174,886
<b>Net position - ending</b>	<b>\$ 18,077,739</b>	<b>\$ 4,603,316</b>	<b>\$ 22,681,055</b>

# DRAFT

## BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

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### Supplementary Information Schedule of Expenditures of Federal Awards

For the year ended December 31, 2023

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<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Commerce:</u>			
Passed through Erie County Industrial Development Agency			
COVID-19 - Economic Adjustment Assistance	11.307	01-79-15022	\$ 5,235,397

# DRAFT

## BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

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### Notes to Schedule of Expenditures of Federal Awards

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#### 1. Summary of Significant Accounting Policies:

##### Basis of Presentation

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

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

The Economic Adjustment Assistance – CARES Act program, administered by the EDA, specifically requires the amount on the SEFA to be calculated as follows:

Cash	\$ 1,029,356
Balance of loans outstanding	4,021,445
Administrative expenses	84,596
Loan write-offs	100,000
	<u>5,235,397</u>
Total EDA Share	100%
	<u>\$ 5,235,397</u>

##### Basis of Accounting

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

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

##### Indirect Costs

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

# DRAFT

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

The Board of Directors  
Buffalo and Erie County Regional  
Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Buffalo and Erie County Regional Development Corporation (RDC), a business-type activity, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise RDC's basic financial statements, and have issued our report thereon dated March 21, 2024.

### **Report on Internal Control over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

# DRAFT

## **Purpose of this Report**

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

March 21, 2024

# DRAFT

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors  
Buffalo and Erie County Regional  
Development Corporation

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

#### ***Opinion on Each Major Federal Program***

We have audited the compliance of Buffalo and Erie County Regional Development Corporation (RDC), a business-type activity, with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of RDC's major federal programs for the year ended December 31, 2023. RDC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, RDC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

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

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

#### ***Responsibilities of Management for Compliance***

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



# DRAFT

## ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

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

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

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

# DRAFT

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.

March 21, 2024

# DRAFT

## BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

### Schedule of Findings and Questioned Costs

For the year ended December 31, 2023

#### Section I. Summary of Auditors' Results

##### Financial Statements

Type of auditors' report issued:	<i>Unmodified</i>
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

##### Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

Name of Federal Program of Cluster	Assistance Listing Number	Amount
COVID-19 - Economic Adjustment Assistance	11.307	<u>\$ 5,235,397</u>

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

#### Section II. Financial Statement Findings

No matters were reported.

#### Section III. Federal Award Findings and Questioned Costs

No matters were reported.

# DRAFT

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

The Board of Directors  
Buffalo and Erie County Regional  
Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Buffalo and Erie County Regional Development Corporation (RDC), a business-type activity, as of and for the year ended December 31, 2023, and the related notes to the financial statements, and we have issued our report thereon dated March 21, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that RDC failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2023. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding RDC's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.

March 21, 2024

**Buffalo & Erie County Regional Development Corp.**

**Investment Report**

For the year ended December 31, 2023

# **Buffalo & Erie County Regional Development Corporation**

## **2023 Annual Investment Report**

### **Purpose of Report:**

Under Section 2925(6) of the Public Authorities Law, RDC is required to prepare and approve an annual Investment Report. The investment report is to include: RDC's Investment Guidelines (see below), the results of the annual independent investment audit (see below), a list of the total investment income received by the corporation and a list of the fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the corporation since the last Investment Report.

The attached schedule details the corporation's investment income and related fees for the year ended December 31, 2023 and were approved by the RDC Board of Directors on March 27, 2024.

### **Investment Guidelines:**

In accordance with Section 2925 of the Public Authorities Law, RDC is required to adopt Investment Guidelines which detail its operative policy and instructions to staff regarding the investing, monitoring and reporting of funds of the Agency. RDC has elected to follow the deposit and investment restrictions contained in Sections 10 and 11 of the General Municipal Law as a "best practice."

The Investment Guidelines were approved by the RDC Board of Directors on March 27, 2024 and are posted on the ECIDA's website at <http://www.ecidany.com/about-us-corporate-policies>. The Investment Guidelines are consistent with the prior Guidelines adopted on March 22, 2023.

### **Investment Audit:**

RDC's auditors have audited the corporation's compliance with the Investment Guidelines for Public Authorities. In their report dated March 21, 2024 Lumsden McCormick LLP have indicated that RDC complied, in all material respects, with these Investment Guidelines.

**Buffalo & Erie County Regional Development Corporation (RDC)**

**Annual Investment Report**

For the year ended December 31, 2023

Account Type	Financial Institution	G/L Balance		Interest Rate <sup>a</sup> Dec 2023	2023		Restricted	Purpose
		1/1/2023	12/31/2023		Investment Income	Fees		
1 Checking	M&T Bank	511,970	787,839	0.50%	2,635	-	✓	Legacy Loan Fund Checking/investment account
2 Savings	M&T Bank	4,398,628	2,259,962	3.00%	67,249	-	✓	Legacy Loan Fund Savings/investment account
3 Checking	M&T Bank	345,882	956,922	0.50%	2,715	-	✓	EDA CARES Act Loan Fund Checking account
		<u>\$ 5,256,480</u>	<u>\$ 4,004,723</u>		<u>\$ 72,599</u>	<u>\$ -</u>		

**Notes:**

a The Interest Rate is the annualized rate for the month of December 2023 and is prior to the deduction of any fees.



To: ECIDA, RDC & ILDC Board of Directors  
From: Brenda McDuffie, Governance Committee Chair  
Date: March 27, 2024  
Re: Governance Committee Report

In accordance with its Committee Charter, the Governance Committee is required to “report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Governance Committee and when otherwise requested by the Board”. This report is prepared to satisfy this requirement.

The ECIDA/RDC/ILDC Governance Committee met on March 20, 2024. Committee members present were Brenda McDuffie, Chair, Thomas Baines, Zachary Evans, Tyra Johnson, Brian Kulpa, and David State. The following items were reviewed:

1) 2023 PAAA Annual Report

The Governance Committee reviewed the ECIDA/RDC/ILDC 2023 PAAA Annual Report. No changes were recommended. The PAAA Annual Report will be reviewed by the full Boards during the March 27, 2024 Board meetings.

2) Results of 2023 Performance Measures

The Governance Committee met on January 31, 2024 to discuss the ECIDA/RDC/ILDC Mission Statement and 2023 Performance Measures. The Committee did not recommend any changes during the March 20 meeting. The results of the 2023 Performance Measures will be reviewed by the Boards during the March 27, 2024 Board meetings.

3) Mission Statement and 2024 Performance Measures

The Governance Committee met on January 31, 2024 to discuss the ECIDA/RDC/ILDC Mission Statement and 2024 Performance Measures. During this meeting the Committee provided input and made changes to certain metrics based on current economic conditions. One additional update was recommended during the March 20 meeting. The 2024 Mission Statement & Performance Measures will be reviewed by the Boards during the March 27, 2024 Board meetings.

4) 2023 Board of Directors’ Evaluation/Survey

The Governance Committee reviewed the summary sheets for the ECIDA, RDC, and ILDC Board surveys and discussed the importance of open dialogue and communication. The results will be reviewed with the Boards. The Governance Committee Chair will forward the summary sheets to the Authorities Budget Office (ABO) as required.

5) 2023 Governance Committee Self-Evaluation

The Governance Committee reviewed and approved the 2023 Governance Committee Self-Evaluation. The evaluation documents the activities of the Governance Committee during 2023



6) Re-Adoption of Policies, Charters & Guidelines

The Governance Committee reviewed the following policies, charters & guidelines of the ECIDA/RDC/ILDC:

- Airborne Infectious Disease Policy
- Board Member Compensation, Reimbursement & Attendance Policy
- Code of Ethics & Conflict of Interest Policy
- Defense & Indemnification Policy
- ECIDA Employee Compensation Program
- Fee Structure Policy
- Governance Committee Charter
- Procurement Policy
- Professional Services RFP Process and Policy
- Property Disposition Guidelines
- Real Property Acquisition Policy
- Sexual Harassment Policy
- Statement of Duties & Responsibilities of the Board of Directors
- Statement of the Competencies & Personal Attributes Required of Board Members
- Travel, Conferences, Meals & Entertainment Policy
- Whistleblower Policy and Procedures
- Videoconferencing Participation Policy

ECIDA General Counsel Harris Beach reviewed the above referenced policies and did not recommend any changes. The ABO did not publish any new recommended guidance for any of these policies. The Boards will be asked to re-adopt these policies during the March 27, 2024 Board meetings.

7) PARIS Report Update

The Governance Committee received an update on the status of the ABO's reporting requirements through the Public Authorities Reporting Information System (PARIS). The Agency is on track to complete the ECIDA, RDC, and ILDC PARIS reports on or before the March 31, 2024 deadline.

8) Board Member PAAA Training Update

The Governance Committee members present received an update on the status of the required ABO board member training. The Agency's Compliance Portfolio Manager tracks and forwards training opportunities to board members who have not had the required training and to those who have not had training within the last three years.

**Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County Regional Development Corporation (RDC), and Buffalo and Erie County Industrial Land Development Corporation (ILDC)**

**2023 Governance Committee Self-Evaluation**

**Responsibilities of the Governance Committee:**

The core responsibilities of the Governance Committee, as mandated under Section 2824(7) of the New York Public Authorities Law, are set forth in the Bylaws and include: (i) keeping the Board informed of current best governance practices; (ii) reviewing corporate governance trends; (iii) updating the Agency’s corporate governance principles; and (iv) advising those responsible for appointing members to the Board on the skills and experiences necessary required of potential Board members.

Governance Committee Self-Evaluation	Yes	No	Pen ding	Comments
1. Are the members of the Governance Committee appointed in accordance with the Bylaws and are individuals appointed to the Governance Committee knowledgeable, or have expressed a willingness to become knowledgeable, in matters pertaining to governance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Is each member of the Governance Committee an “independent member” within the meaning of, and to the extent required by, Section 2825 of the New York Public Authorities Law, as amended from time to time? Did Governance Committee members, who are members of the Agency, comply with the conflict of interest provisions applicable to public officers under Article 18 of the New York General Municipal Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Did the Governance Committee meet a minimum of once (1) each calendar year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Governance Committee met on 1/26/23, 2/13/23, 3/13/23, and 9/19/23.
4. Were meeting notices and agendas prepared for each meeting and provided to Governance Committee members by electronic or regular mail at least five (5) days in advance of the scheduled meeting? Were minutes of all meetings recorded by the Secretary or any Assistant Secretary of the Agency? Did all meetings comply with the requirements of the Open Meetings Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Governance Committee Self-Evaluation	Yes	No	Pen ding	Comments
5. Did the Governance Committee develop the Agency's governance practices, which should address transparency, independence, accountability, fiduciary responsibilities and management oversight?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	See Questions #6-#9 below.
6. Did the Governance Committee develop a statement of the competencies and personal attributes required of Board members to assist those authorized to appoint members to the Board in identifying qualified individuals (it being acknowledged that membership in the Agency is determined pursuant to Section 891-a of the General Municipal Law)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A Statement of the Competencies and Personal Attributes is posted on the ECIDA website. It was approved by the ECIDA Board of Directors on 2/16/10. Revisions to this document were not necessary in 2023.
7. Did the Governance Committee develop and recommend to the Board any revisions to the number and/or structure of Board committees?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No additional committees were recommended by the Governance Committee in 2023.
8. Did the Governance Committee develop and provide recommendations to the Board regarding Board member education, including new member orientation and regularly scheduled Board member training to be obtained from state-approved trainers as required under Section 2824(2) of the New York Public Authorities Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>New Board members attend an orientation session hosted by ECIDA staff and are provided with a New Member Orientation Manual.</p> <p>As of 12/31/23, 19 of 19 ECIDA/RDC Board members and 7 of 7 ILDC Board members have received the PAAA required training. All Board members who have not received the training received notifications throughout the year regarding PAAA training session dates.</p>
9. Did the Governance Committee develop, review and recommend to the Board the adoption and/or revisions to the following:  (i) the Agency's Code of Ethics.  (ii) written policies regarding conflicts of interest.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Governance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>(iii) written policies regarding the protection of whistleblowers from retaliation.</p> <p>(iv) equal opportunity and affirmative action policies.</p> <p>(v) written policies regarding procurement of goods and services, including policies relating to the disclosure of persons who attempt to influence the Agency's procurement process.</p> <p>(vi) written policies regarding the disposition of real and personal property and the acquisition of property.</p> <p>(vii) committee charters, including this Charter.</p> <p>(viii) any other policies or documents relating to the governance of the Agency, including rules and procedures for conducting the business of the Agency's Board, including the Agency's Bylaws. The Governance Committee will oversee the implementation and effectiveness of the Bylaws and other governance documents and recommend modifications to the Board as necessary or appropriate.</p>				<p>Items i) &amp; ii) are included in the ECIDA Code of Ethics and Conflict of Interest Policy. The Code was re-adopted by the full Board during its meeting on 3/22/23.</p> <p>(iii) In 2012, the Governance Committee approved a formal Whistleblower Policy. The Policy was re-adopted by the full Board during its meeting on 3/22/23.</p> <p>iv) The ECIDA's EEO policy is included in the Employee Handbook and the Procurement Policy.</p> <p>v) The ECIDA Procurement Policy was re-adopted by the full Board during its 3/22/23 meeting.</p> <p>vi) The ECIDA Property Disposition Guidelines were re-adopted by the full Board during its meeting on 3/22/23.</p> <p>vii) The ECIDA Governance Committee Charter was re-adopted by the full Board during its meeting on 3/23/22.</p> <p>viii) At its 3/13/23 meeting, the Governance Committee reviewed and recommended the adoption of the Airborne Infectious Disease Policy (ECIDA/RDC/ILDC). The policy was adopted by the full Board during its meeting on 3/22/23.</p>
<p>10. Did the Governance Committee:</p> <p>(i) report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Governance Committee and when otherwise requested by the Board.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Committee reports its actions and recommendations to the Board following each meeting.</p> <p>i) &amp; ii) As stated above, all policies/guidelines referenced above were adopted or re-adopted by the Board on 3/22/23.</p>

Governance Committee Self-Evaluation	Yes	No	Pen ding	Comments
<p>(ii) report to the Board, at least annually, regarding any proposed changes to this Charter.</p> <p>(iii) provide a self-evaluation of the Governance Committee's functions to the Board on an annual basis.</p>				<p>iii) On 3/13/23, the Committee performed a Self-Evaluation for the calendar year 2022 and provided a status report to the Board on 3/22/23.</p>

Governance Committee Self-Evaluation
<p><b>Other Self-Evaluation Notes</b></p>
<ol style="list-style-type: none"> <li>1) During its 1/26/23, 2/13/23, and 3/13/23 meetings, the Governance Committee, ECIDA staff and counsel discussed the results of ECIDA's 2022 Performance Measures.</li> <li>2) During its 1/26/23, 2/13/23, and 3/13/23 meetings, the Governance Committee, ECIDA staff and counsel discussed the ECIDA Mission Statement and 2023 Performance Measures.</li> <li>3) During its 3/13/23 meeting, the Governance Committee reviewed the 2022 Board evaluation for the ECIDA, RDC, and ILDC boards. The Committee discussed the results of these evaluations during the 3/23/23 Board meeting.</li> <li>4) During its 3/13/23 meeting, the Governance Committee reviewed and recommended the adoption of the Airborne Infectious Disease Policy (ECIDA/RDC/ILDC). The policy was adopted by the full Board during its meeting on 3/22/23.</li> <li>5) In addition to the above reference policies, the Governance Committee re-adopted the following ECIDA/RDC/ILDC Policies items during its meeting on 3/13/23: (a) Board Member Compensation, Reimbursement &amp; Attendance Policy, (b) Code of Ethics &amp; Conflict of Interest Policy, (c) Defense &amp; Indemnification Policy, (d) ECIDA Employee Compensation Program Fee Structure Policy (ECIDA &amp; ILDC only), (f) Governance Committee charter, (g) Procurement Policy (h) Property Disposition Guidelines, (i) Real Property Acquisition Policy, (j) Sexual Harassment Policy, (k) Statement of Duties &amp; Responsibilities of the Board of Directors, (l) Statement of the Competencies &amp; Personal Attributes Required of Board Members, (m) Travel, Conferences, Meals &amp; Entertainment Policy, (n) Whistleblower Policy. The policies were approved by the full Board during its 3/22/23 meeting.</li> <li>6) During its 3/13/23 meeting, the ECIDA staff provided the Governance Committee a status update on the ECIDA's Public Authority Reporting Information System (PARIS) report.</li> <li>7) During the 9/19/23 Governance Committee meeting, the Governance Committee approved the one-year extension plus an additional six-month extension through November 2024 for legal professional services.</li> </ol>

**2023 RDC Summary Results of Confidential Evaluation of Board Performance**

Criteria	Agree	Somewhat Agree	Somewhat Disagree	Disagree
	#	#	#	#
Board members have a shared understanding of the mission and purpose of the Authority.	15	1		
The policies, practices and decisions of the Board are always consistent with this mission.	15	1		
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	15	1		
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	15	1		
The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	15		1	
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence, pressure or self-interest.	15		1	
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	15	2		
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	13	3		
The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete.	15	1		
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	14	2		
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	16			
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	14	2		
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	15		1	
The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	16			
The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	14	2		
Board members demonstrate leadership and vision and work respectfully with each other.	16			

Name of Authority: **Buffalo & Erie County Regional Development Corp.**

Date Completed: **March 6, 2024**

**2023 Summary Results of Confidential Evaluation of Board Performance**

Criteria	Comments
Board members have a shared understanding of the mission and purpose of the Authority.	
The policies, practices and decisions of the Board are always consistent with this mission.	
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	
The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence, pressure or self-interest.	
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	All of these are true, but vary between individual board members. Some members are more active participants than others.
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	
The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete.	
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	Have had great presentations to increase our knowledge and update us on regulations.  We rely on counsel to ensure the Board is in compliance.
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	The staff is very good and sharing information needed/follow-up information and answering any questions.  Packages could sometimes go out earlier.
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	
The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	
The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	We rely on counsel and outside auditors to assess risk and so advise the Board
Board members demonstrate leadership and vision and work respectfully with each other.	

Authority: **Erie County Industrial Development Agency (ECIDA); Buffalo and Erie County Regional Development Corporation (RDC) and Buffalo & Erie County Industrial Land Development Corporation (ILDC)**

Date Completed: March 6, 2024



**Loan Status Report  
March 2024**

<u>RDC Loans Approved Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
Blue Eyed Baker	East Aurora	\$100,000

<u>RDC Loans Closed Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
Great British Pantry, LLC	Cheektowaga	\$300,000
Tundra Transport, LLC	Blasdel	\$230,000
		\$530,000

**Total: 2**

<u>Loans in Closing Process</u>	<u>Municipality</u>	<u>Amount</u>
Buffalo Alchemy, LLC	Hamburg	\$100,000

<u>Loans in the Pipeline</u>	<u>Municipality</u>	<u>Amount</u>
None		

<u>2024 - Loans Closed</u>	<u>YTD Loan Total</u>	<u>Jobs to be Created</u>	<u>Retained Jobs</u>	<u>Dollars Leveraged</u>
2	\$530,000	16	33	\$4,260,000
MWBE Loans – 4				

**Loan Portfolio Performance**

**Past Due Loans:**

<u>Name</u>	<u>Loan Balance</u>	<u>Principal/Interest Amount Past Due</u>	<u>Days Past Due</u>	<u>Comments</u>
Affordable Technology Solutions	\$28,456	\$28,456	300+	Borrower filed Chapter 13 Bankruptcy. Attorneys working on collection efforts
Azariah’s Innocence, LLC	\$4,900	\$4,900	240+	Forwarded to Attorneys for collection. RDC has lien on residence in foreclosure.

**Portfolio Delinquency Rate** (90+ day Past Due Outstanding Loan Balance divided by Portfolio Balance):

\$33,356/\$17,376,373 = 0.19% Delinquency Rate (65 total loans in portfolio)

**RDC Funds Available to Lend:** \$5,297,481



To: ECIDA & RDC Boards of Directors  
From: Mollie Profic, CFO  
Jerry Manhard, Chief Lending Officer  
Re: Board Certification of CARES Act Revolving Loan Fund Plan  
Date: March 27, 2024

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In 2020 the Erie County Industrial Development Agency (ECIDA) received an award of \$5,415,694 from the U.S. Department of Commerce, Economic Development Administration (EDA) Coronavirus Aid, Relief, and Economic Security (CARES) Act Revolving Loan Fund Supplemental Disaster Recovery and Resiliency Awards. \$5 million was used to establish the CARES Act Revolving Loan Fund (RLF), with the remaining \$415,694 earmarked for administrative costs. The purpose of establishing the RLF was to alleviate sudden and severe economic dislocation caused by the COVID-19 pandemic, to provide permanent resources to support economic resiliency, and to further the long-term economic adjustment objectives of the region served by this award.

As part of the required reporting to the EDA in connection with the operations of the RLF administered by the Buffalo & Erie County Regional Development Corporation (RDC), the ECIDA must certify that the RLF is being operated in accordance with the policies and procedures contained in the Loan Administration Plan (LAP), also referred to as the RLF Plan. The LAP for the CARES Act RLF was approved on March 2, 2021, in connection with the grant award. Under the terms of the award conditions, the LAP will be updated and approved by EDA every five years.

The CARES Act RLF is currently in the revolving phase of the award, with 31 loans approved and 28 outstanding. As these loans are repaid, the principal and interest will be added back to the fund and start to be lent out again in accordance with the LAP. Two loans have been fully repaid and one loan was written off as uncollectible as of December 31, 2023.

Key components of the LAP include borrower eligibility, loan size, interest rate, and loan terms. Many of the requirements of the LAP overlap with the Federal regulations under Title 2 of the U.S. *Code of Federal Regulations* Part 200 and are tested as part of the Single Audit performed annually. The testing performed as part of the Single Audit for the year ended December 31, 2023 yielded an unmodified (clean) opinion and did not yield any audit findings.

**Action:**

Requesting approval of the attached resolution certifying that the CARES Act Revolving Loan Fund is operating in accordance with the approved Loan Administration Plan.

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**  
**CARES ACT REVOLVING LOAN FUND ANNUAL RESOLUTION**

The meeting of the Buffalo and Erie County Regional Development Corporation was convened on March 27, 2024 at 12:30 p.m.

The following resolution was duly offered and seconded, to wit:

RESOLUTION OF THE BUFFALO AND ERIE COUNTY REGIONAL  
DEVELOPMENT CORPORATION (THE "RLF LOAN BOARD" OR "RDC") IN  
CONNECTION WITH AN ANNUAL CERTIFICATION TO BE MADE UNDER THE  
STANDARD TERMS AND CONDITIONS AND ADMINISTRATIVE MANUAL  
REQUIREMENTS OF THE FEDERAL ECONOMIC DEVELOPMENT  
ADMINISTRATION

**WHEREAS**, the RDC was incorporated as an affiliate of the Erie County Industrial Development Agency (the "RLF Board" or "Agency") for the purpose of encouraging the retention and expansion of existing companies as well as the attraction of new companies to target areas of Erie County using the resources from various Revolving Loan Funds (the "RLF") to make direct loans to individual companies; and

**WHEREAS**, the Agency received an award of \$5,415,694 from the U.S. Department of Commerce, Economic Development Administration (the "EDA") Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") Revolving Loan Fund Supplemental Disaster Recovery and Resiliency Awards (the "CARES Act Award") and related thereto, \$5,000,000 million was used to establish the CARES Act Revolving Loan Fund (the "RLF"), with the remaining \$415,694 earmarked for administrative costs; and

**WHEREAS**, the purpose of establishing the RLF was to alleviate sudden and severe economic dislocation caused by the COVID-19 pandemic, to provide permanent resources to support economic resiliency, and to further the long-term economic adjustment objectives of the region served by the CARES Act Award; and

**WHEREAS**, as part of the required reporting to the EDA in connection with the operations of the RLF administered by the RDC, the Agency must certify that the RLF is being operated in accordance with the policies and procedures contained in the Loan Administration Plan (the "LAP"), also referred to as the RLF Plan; and

**WHEREAS** the LAP for the CARES Act RLF was approved on March 2, 2021, in connection with the CARES Act Award, and under the terms of the award conditions, the LAP will be updated and approved by EDA every five (5) years; and

**WHEREAS**, procedures were conducted on a sample of loans in the RLF portfolio by Lumsden & McCormick, LLP as part of 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* to ensure RDC's compliance with LAP as set forth by the EDA; and

**WHEREAS**, the Standard Terms and Conditions and Administrative Manual Requirements of the EDA require the RLF Board to provide annual certification that the RDC and the Grant Recipient's governing body (the Agency) have reviewed the RLF and have determined that the RLF is being operated in accordance with the policies and procedures contained in the LAP, and that the loan portfolio meets the standards contained therein.

**NOW, THEREFORE, BE IT RESOLVED BY THE BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION AS FOLLOWS:**

Section 1. To the best knowledge and belief of the members of the RDC and with the disclosures provided above, the RLF is being operated in accordance with the policies and procedures contained in the LAP, and the loan portfolio meets the standards contained therein.

Section 2. The Chair or Vice Chair, President/Chief Executive Officer, the Treasurer/Chief Financial Officer, the Vice President, and/or Assistant Treasurer of the Agency are hereby authorized to execute all necessary documents to make the required annual certification to the EDA including the notations as listed above.

Section 3. This resolution shall take effect immediately.

Dated: March 27, 2024