

**ERIE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Erie County Industrial Development Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Erie County Industrial Development Agency (ECIDA), a business-type activity, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise ECIDA'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 ECIDA as of December 31, 2024 and 2023, 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 ECIDA, 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 the 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 ECIDA's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise ECIDA's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 20, 2025 on our consideration of ECIDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ECIDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ECIDA's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Lumsden & McCormick, LLP". The signature is written in a cursive, flowing style.

March 20, 2025

Management’s Discussion and Analysis (unaudited)

December 31, 2024

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

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

In compliance with GASB Statement No. 34, we present the attached overview and analysis of the financial activities of ECIDA as of and for the years ended December 31, 2024, 2023, and 2022. We encourage readers to consider the information presented here in conjunction with ECIDA’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 ECIDA owns (assets and deferred outflows of resources) and what ECIDA owes (liabilities and deferred inflows of resources). ECIDA’s assets and deferred outflows of resources less liabilities and deferred inflows of resources (net position) can be one way to measure ECIDA’s financial position. Over time, increases or decreases in ECIDA’s net position are an indicator of whether its financial health is improving or deteriorating.
- 2) Statements of Revenues, Expenses, and Changes in Net Position - This statement reports ECIDA’s operating and nonoperating revenues by major source along with operating and nonoperating expenses. The difference between total revenues and expenses can be one way to measure ECIDA’s operating results for the year.
- 3) Statements of Cash Flows - This statement reports ECIDA’s cash flows from operating, capital and related financing, and investing activities.

Financial Highlights

- ECIDA’s net position decreased by 1% from \$20,140,000 in 2023 to \$20,026,000 in 2024.
- ECIDA experienced a decrease in net position of \$114,000 in 2024 compared to a decrease of \$498,000 in 2023.
- Administrative fees, a key source of revenue for ECIDA, increased 6% from \$1,750,000 in 2023 to \$1,862,000 in 2024.
- Operating expenses increased marginally from \$3,077,000 in 2023 to \$3,083,000 in 2024.

Condensed Comparative Financial Statements

Balance Sheets at December 31:

<i>in thousands</i>	2024	2023	\$ Change	% Change	2022
Assets					
Cash and investments	\$ 13,340	\$ 13,704	\$ (364)	(3%)	\$ 18,401
Receivables and other assets	11,066	11,234	(168)	(1%)	2,467
Capital assets, net	1,450	1,507	(57)	(4%)	1,166
Restricted cash and investments	11,528	9,777	1,751	18%	9,524
Total assets	37,384	36,222	1,162	3%	31,558
Liabilities					
Unearned revenue and other liabilities	\$ 5,462	\$ 5,741	\$ (279)	(5%)	\$ 958
Funds held on behalf of others	11,287	9,516	1,771	19%	9,318
Total liabilities	16,749	15,257	1,492	10%	10,276
Deferred inflows of resources – leases	609	825	(216)	(26%)	644
Net position					
Net investment in capital assets	1,065	985	80	8%	1,040
Restricted	11,239	11,116	123	1%	11,332
Unrestricted	7,722	8,039	(317)	(4%)	8,266
Total net position	20,026	20,140	(114)	(1%)	20,638
Total liabilities, deferred inflows, and net position	\$ 37,384	\$ 36,222	\$ 1,162	3%	\$ 31,558

Receivables and other assets include grants receivable, affiliate receivables, leases receivable, prepaid expenses, and venture capital investments. The decrease of \$168,000 is the result of decreases in affiliate receivables and leases receivable, offset by an increase in grants receivable. Affiliate receivables decreased \$248,000 as a result of repayments and leases receivable decreased \$216,000, consistent with the decrease in the corresponding deferred inflows of resources. Grants receivable increased \$346,000 due to two new grants totaling \$550,000 in 2024, net of grant receipts of \$204,000. The increase from 2022 to 2023 was the result of significant increases in grants receivable and affiliate receivables.

Restricted cash and investments consist primarily of funds held on behalf of others including the Erie County Regional Redevelopment Fund, Buffalo Brownfields Redevelopment Fund, and PILOT Increment Financing (PIF) funds. The \$1,751,000 or 18% increase from 2023 is primarily due to PILOT and PIF receipts of \$2,773,000 and interest of \$366,000 exceeding required disbursements to municipalities of \$912,000 and eligible project funds of \$456,000. Restricted cash and investments also include \$241,000 for the Railway Trust Fund, which decreased \$20,000 from 2023. The \$253,000, or 3%, increase in 2023 over 2022 was due to receipts in excess of required disbursements to municipalities.

The \$279,000 decrease in unearned revenue and other liabilities is due to decreases in unearned revenue of \$266,000 and lease payable of \$136,000, combined with an increase in accounts payable and accrued expenses of \$122,000. Unearned revenue is offset by grants receivable and is recognized as special project revenue as eligible activities are performed. ECIDA's lease for office space is in effect through July 2027, and the lease payable represents the present value of remaining lease payments through the end of the lease. The increase from 2022 to 2023 was due to increases in unearned revenue, lease payable, and accounts payable.

ECIDA has capitalized the initial present value of future lease receipts as a lease receivable and corresponding deferred inflow of resources. The lease receivable is reduced as cash is received and the deferred inflow of resources is recognized as rental income over the term of the lease contract. The \$216,000 or 26% decrease in deferred inflows of resources related to leases is due to the reduction as monthly lease payments from leaseholders are recognized.

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

<i>in thousands</i>	2024	2023	\$ Change	% Change	2022
Operating revenues:					
Administrative fees	\$ 1,862	\$ 1,750	\$ 112	6%	\$ 1,656
Affiliate management fees	321	287	34	12%	466
Rental and other	493	475	18	4%	438
Total operating revenues	2,676	2,512	164	7%	2,560
Operating expenses:					
Salaries and benefits	2,230	2,035	195	10%	1,999
General and administrative	611	794	(183)	(23%)	687
Depreciation, amortization, and other	242	248	(6)	(2%)	260
Total operating expenses	3,083	3,077	6	0%	2,946
Special project grants:					
Revenues	1,130	518	612	118%	966
Expenses	(1,212)	(855)	(357)	42%	(896)
Total special project grants	(82)	(337)	255	(76%)	70
Operating loss	(489)	(902)	413	(46%)	(316)
Nonoperating revenue (expense), net	375	404	(29)	(7%)	88
Change in net position	\$ (114)	\$ (498)	\$ 384	(77%)	\$ (228)

Revenue Analysis

Administrative fees are primarily collected from the issuance of various forms of tax abatements and tax-exempt financing. Fees for tax abatement are based on the amount of project investment. ECIDA relies on these fees to cover its operating costs; however, the amount of fees collected in any given year is largely dependent upon the local economic climate and the timing between project approval and project commencement. Administrative fees increased \$112,000 or 6% in 2024 primarily due to an increase in the value of induced projects. Administrative fees were collected related to 11 different projects in 2024, down from 22 in 2023. In 2022, administrative fees were collected related to 25 projects.

Affiliate management fees represent salaries and overhead costs charged to ECIDA affiliates for services that ECIDA's employees provide to these organizations. ECIDA's affiliates include Buffalo & Erie County Regional Development Corporation (RDC), a lending corporation, and Buffalo & Erie County Industrial Land Development Corporation (ILDC), a land development corporation. Affiliate management fees increased \$34,000 in 2024 due to an increase in salaries and chargeable hours.

Rental and other income is primarily comprised of rental income for building leases and rental income from the Port Terminal Facility.

Expense Analysis

Salaries and benefits increased \$195,000, or 10%, in 2024 due to employee raises, increased employee benefit costs, and a staff of 18 for the entire year. In 2023, salaries and benefits increased \$36,000 from 2022 due to employee raises and an employee hired in December 2023.

General and administrative expenses decreased \$183,000 from \$794,000 in 2023 to \$611,000 in 2024 primarily due to 2023 refunds of \$176,000 for previously recognized administrative fee revenue. No such refunds were necessary in 2024. In 2023, general and administrative expenses increased \$107,000 primarily due to the previously mentioned refunds.

The net special project grant loss of \$337,000 in 2023 decreased to a net loss of \$82,000 in 2024. In 2024, grant expenses exceeded grant revenues due to carrying costs related to ILDC properties of \$136,000 and other grants totaling \$200,000 from the Agency's Urban Development Action Grant (UDAG) fund. In 2023, grant expenses also exceeded grant revenues due to carrying costs for ILDC properties and UDAG grants for which there was no corresponding revenue.

Net nonoperating revenue decreased \$29,000 in 2024 due to a loss of \$100,000 recorded related to a prior venture capital investment. Interest income of \$499,000 was offset by \$24,000 of interest expense related to ECIDA's office lease. In 2023, net nonoperating revenue increased \$316,000.

Budget Analysis

ECIDA prepares an annual budget which was presented and approved by the Board of Directors on October 25, 2023. The following table presents an analysis of ECIDA's performance compared to the approved 2024 budget.

<i>in thousands</i>	Actual	Budget	Variance \$	%
Operating revenues:				
Administrative fees	\$ 1,862	\$ 1,800	\$ 62	3%
Affiliate management fees	321	342	(21)	(6%)
Rental and other	493	492	1	0%
Total operating revenues	2,676	2,634	42	2%
Operating expenses:				
Salaries and benefits	2,230	2,328	(98)	(4%)
General and administrative	611	560	51	9%
Depreciation, amortization, and other	242	287	(45)	(16%)
Total operating expenses	3,083	3,175	(92)	(3%)
Operating loss before special project grants	(407)	(541)	134	(25%)
Special project grants:				
Revenues	1,130	2,740	(1,610)	(59%)
Expenses	(1,212)	(2,757)	1,545	(56%)
Total special project grants	(82)	(17)	(65)	382%
Nonoperating revenue, net	375	159	216	136%
Change in net position	\$ (114)	\$ (399)	\$ 285	(71%)

Budget to Actual Analysis

Overall, ECIDA's decrease in net position for 2024 was below the budgeted decrease by \$285,000. Administrative fees exceeded the budgeted amount by 3% due mainly to timing of tax incentive project closings and an increase in the value of induced projects. Total operating expenses were \$92,000 below budget mostly due to lower salaries and benefits than budgeted. Net special project grants had a negative variance of \$65,000. Nonoperating revenue includes interest income on cash deposits and was \$216,000 greater than expected.

Economic Factors Impacting ECIDA

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

Requests for Information

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

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Balance Sheets

December 31,	2024	2023
Assets		
Current assets:		
Cash	\$ 5,341,088	\$ 13,704,390
Investments	7,998,626	-
Receivables		
Affiliates	4,571,775	4,819,703
Grants	5,214,764	4,869,218
Leases	226,584	215,555
Other	185,231	134,930
Prepaid expenses	78,000	78,600
	<u>23,616,068</u>	<u>23,822,396</u>
Noncurrent assets:		
Leases receivable	382,699	609,283
Capital assets, net (Note 4)	1,450,212	1,506,504
Other assets	406,247	506,886
Restricted cash	4,988,292	9,777,101
Restricted investments	6,540,143	-
	<u>13,767,593</u>	<u>12,399,774</u>
	<u>\$ 37,383,661</u>	<u>\$ 36,222,170</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 407,694	\$ 304,991
Lease liability	143,295	136,321
Accrued expenses	169,642	150,339
Unearned revenue	4,498,758	4,764,541
	<u>5,219,389</u>	<u>5,356,192</u>
Noncurrent liabilities:		
Lease liability	242,026	385,321
Funds held on behalf of others	11,287,296	9,516,218
	<u>11,529,322</u>	<u>9,901,539</u>
Deferred inflows of resources:		
Deferred inflows of resources related to leases	609,283	824,838
Net position:		
Net investment in capital assets	1,064,891	984,862
Restricted	11,238,692	11,116,183
Unrestricted	7,722,084	8,038,556
	<u>20,025,667</u>	<u>20,139,601</u>
	<u>\$ 37,383,661</u>	<u>\$ 36,222,170</u>

See accompanying notes.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Statements of Revenues, Expenses, and Changes in Net Position

For the years ended December 31,	2024	2023
Operating revenues:		
Administrative fees	\$ 1,862,096	\$ 1,749,882
Affiliate management fees	320,692	286,799
Rental income	330,275	316,002
Other	162,814	159,191
Total operating revenues	<u>2,675,877</u>	<u>2,511,874</u>
Operating expenses:		
Salaries and benefits	2,229,704	2,035,058
General and administrative	611,530	794,392
Depreciation and amortization	240,534	204,228
Other	1,341	43,207
Total operating expenses	<u>3,083,109</u>	<u>3,076,885</u>
Operating loss before special project grants	<u>(407,232)</u>	<u>(565,011)</u>
Special project grants:		
Revenues	1,130,308	517,991
Expenses	(1,212,254)	(855,228)
	<u>(81,946)</u>	<u>(337,237)</u>
Operating loss	(489,178)	(902,248)
Nonoperating revenues:		
Interest income	498,869	412,432
Interest expense	(22,986)	(8,499)
Decrease in fair value of other assets	(100,639)	-
	<u>375,244</u>	<u>403,933</u>
Change in net position	(113,934)	(498,315)
Net position - beginning	<u>20,139,601</u>	<u>20,637,916</u>
Net position - ending	<u>\$ 20,025,667</u>	<u>\$ 20,139,601</u>

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Statements of Cash Flows

For the years ended December 31,

	2024	2023
Operating activities:		
Cash from fees and rental income	\$ 2,192,371	\$ 2,065,884
Cash from special project grants	518,979	413,850
Cash received from (paid to) other sources	681,133	(3,926,256)
Payments to employees, suppliers, and other	(2,719,969)	(2,595,467)
Payments for special project grants	(1,212,254)	(855,228)
Net operating activities	(539,740)	(4,897,217)
Capital and related financing activities:		
Purchases of capital assets	(184,242)	(11,643)
Principal payments on leases	(136,321)	(137,252)
Interest payments on leases	(22,986)	(8,499)
Interest received on leases	36,347	43,976
Net capital and related financing activities	(307,202)	(113,418)
Investing activities:		
Change in restricted cash, net	6,559,887	(54,284)
Purchase of investments	(14,538,769)	-
Interest received	462,522	368,456
Net investing activities	(7,516,360)	314,172
Net change in cash	(8,363,302)	(4,696,463)
Cash - beginning	13,704,390	18,400,853
Cash - ending	\$ 5,341,088	\$ 13,704,390
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (489,178)	\$ (902,248)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	240,534	204,228
Changes in other assets and liabilities:		
Receivables	(147,919)	(8,597,281)
Prepaid expenses	600	10,719
Accounts payable	102,703	267,988
Accrued expenses	19,303	(1,517)
Unearned revenue	(265,783)	4,120,894
Net operating activities	\$ (539,740)	\$ (4,897,217)

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Organization

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

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

Basis of Presentation

The financial statements of ECIDA 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.

Financial Reporting Entity

In evaluating how to define ECIDA for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in ECIDA's reporting entity is based on accounting standards which consider legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no additional entities included in ECIDA's financial statements.

Measurement Focus

ECIDA 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. ECIDA'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.

ECIDA'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 and payments made to purchase those goods or services. Certain other transactions are reported as nonoperating activities and include interest and investment income, interest expense, and grants resulting from nonexchange transactions. Grants are recognized as receivable and unearned revenue at the time awarded and as revenue when all eligibility requirements imposed by the provider have been satisfied. ECIDA receives special project grants from various Federal, State, and County sources.

Estimates

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

Cash and Investments

Cash management is governed by State laws and as established by ECIDA's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Policies permit management to use demand and time accounts, certificates of deposit, obligations of the United States Treasury and its Agencies, and obligations of the State or its localities, including those held under repurchase agreements or in external investment pools.

Custodial credit risk is the risk that, in the event of a bank failure, ECIDA’s deposits may not be returned to it. Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. At December 31, 2024 and 2023, ECIDA’s bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institution’s agent in ECIDA’s name.

Investments consist of U.S. Treasury Bills with original maturities in excess of three months.

Capital Assets

Capital assets are recorded at cost. Financed right-to-use lease assets are recorded at the present value of the initial lease liability. Depreciation is provided over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds to determine which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Buildings and improvements	\$ 1,000	5 - 40
Furniture and equipment	\$ 1,000	3 - 10

Rental Property:

In 1989, ECIDA developed a public warehouse and trans-shipment facility (the Port Terminal Facility) at the Gateway Metroport facility in the City of Lackawanna. The Port Terminal Facility provides enclosed storage facilities and materials handling services for the trans-shipment of goods by water, rail, and truck. The facility is owned by ECIDA and is operated by Gateway Trade Center, Inc. Port Terminal Facility rental property assets are fully depreciated. ECIDA receives a percentage of annual Excess Cash Flow, as defined, from the operations at the Port Terminal Facility.

ECIDA also owns its former office space at 143 Genesee Street. This property is recorded at cost and leased to a third party (Note 6).

Other Assets

Other assets include venture capital investments made by ECIDA in order to spur local economic growth. Venture capital investments are recorded at the lesser of cost or fair market value as determined by management’s estimates based on available financial information.

Net Position

Net position consists of the following components:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by related liabilities. Restrictions are imposed by the U.S. Department of Housing and Urban Development’s Urban Development Action Grant (UDAG) program.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by ECIDA.

Tax Incentive Transactions

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

ECIDA is an issuer of tax-exempt bond financing for qualified manufacturers and low-income housing projects which meet the definition of conduit debt obligations. These bonds are obligations of the borrower and secured by the assets they finance. ECIDA receives bond issuance fees from the borrower for providing this service which is recognized according to the terms of the fee agreement. ECIDA also has a shared services agreement with ILDC under which administrative and staffing services are provided to ILDC in connection with its bond issuances to nonprofit organizations in exchange for the related bond issuance fees received by ILDC. At December 31, 2024 and 2023, previously issued bonds have an aggregate outstanding balance of \$439,614,859 and \$574,130,953, none of which is recognized as a liability of ECIDA.

ECIDA received bond administrative fees from ILDC of \$337,000 in 2024 and \$10,000 in 2023.

2. Special Project Grants

Bethlehem Shoreline Enhancement – ECIDA received a grant from New York State Department of State in the amount of \$122,825 in June 2020 to support the construction and administration of Shoreline Trail enhancements on the former Bethlehem Steel property.

Bethlehem Water and Sewer Design – ECIDA received a grant from Erie County in the amount of \$700,000 in July 2020 to support the design, engineering, construction, and administration of water and sewer utility extensions and upgrades on the former Bethlehem Steel property. The grant was increased to \$750,000 in May 2024.

Bethlehem Railroad Relocation – ECIDA received a grant from Erie County in the amount of \$600,000 in June 2023 to support the relocation of rail infrastructure at the former Bethlehem Steel Property.

Buffalo Southern Railroad – ECIDA received a \$1,703,553 grant from New York State Department of Transportation (NYSDOT) in January 2023, a \$250,000 grant from Erie County in July 2023.

Buffalo Southern Railroad Capital Improvements – ECIDA received a \$400,000 grant from Erie County in April 2024 to support the restoration of five bridges and seven miles of track on the Buffalo Southern Railroad.

DL&W Lancaster Industrial Track Improvement – ECIDA received a \$1,616,470 grant from NYSDOT in April 2023 and a \$250,000 grant from Erie County in September 2023 to support the restoration of the DL&W Lancaster Industrial Track.

DL&W Railroad Bridge Repair – ECIDA received a \$150,000 grant from Erie County in April 2024 to support safety and efficiency improvements of the DL&W Railroad.

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

	2024	2023
Bethlehem Shoreline Enhancement	\$ 51,804	\$ 92,119
Bethlehem Water and Sewer Design	192,797	356,936
Buffalo Southern Railroad - 2017		
PFRAP Rail Improvement	140	140
Bethlehem Railroad Relocation	600,000	600,000
Buffalo Southern Railroad	1,953,553	1,953,553
Buffalo Southern Railroad Capital Improvements	400,000	-
DL&W Lancaster Industrial Track Improvement	1,866,470	1,866,470
DL&W Railroad Bridge Repair	150,000	-
	<u>\$ 5,214,764</u>	<u>\$ 4,869,218</u>

The following is a summary of unearned revenue at December 31:

	2024	2023
Bethlehem Shoreline Enhancement	\$ 23,910	\$ 77,652
Bethlehem Water and Sewer Design	92,835	267,335
Bethlehem Railroad Relocation	234,380	600,000
Buffalo Southern Railroad	1,854,989	1,953,084
Buffalo Southern Railroad Capital Improvements	292,542	-
DL&W Lancaster Industrial Track Improvement	1,850,102	1,866,470
DL&W Railroad Bridge Repair	150,000	-
	<u>\$ 4,498,758</u>	<u>\$ 4,764,541</u>

3. Funds Held on Behalf of Others

ECIDA holds funds for various development activities. ECIDA disburses these funds when given the appropriate authorization. The funds include:

	2024	2023
Erie County Regional Redevelopment Fund	\$ 1,686,281	\$ 1,624,407
Buffalo Brownfields Redevelopment Fund	37,213	236,191
Jemal's Seneca Fund	1,365,072	794,606
Seneca Street Corridor Fund	3,524,959	3,086,042
Main Street Improvement Fund	4,673,771	3,774,972
	<u>\$ 11,287,296</u>	<u>\$ 9,516,218</u>

Restricted cash and investments also includes \$241,139 and \$260,883 as of December 31, 2024 and 2023, respectively, for the Railway Trust Fund for activities related to two Erie County shortline railroads.

4. Capital Assets

	Balance January 1, 2024	Increases	Retirements/ Reclassifications	Balance December 31, 2024
Land	\$ 167,400	\$ -	\$ -	\$ 167,400
Depreciable capital assets:				
Land improvements	1,109,345	165,855	-	1,275,200
Buildings	2,747,489	-	-	2,747,489
Furniture and equipment	481,788	18,387	(21,628)	478,547
Total depreciable assets	4,338,622	184,242	(21,628)	4,501,236
Less accumulated depreciation:				
Land improvements	(964,733)	(46,618)	-	(1,011,351)
Buildings	(2,098,550)	(36,043)	-	(2,134,593)
Furniture and equipment	(456,856)	(12,583)	21,628	(447,811)
Total accumulated depreciation	(3,520,139)	(95,244)	21,628	(3,593,755)
Total depreciable assets, net	818,483	88,998	-	907,481
Right-to-use lease assets:				
Building	532,728	-	-	532,728
Accumulated amortization	(12,107)	(145,290)	-	(157,397)
Total right-to-use assets, net	520,621	(145,290)	-	375,331
	\$ 1,506,504	\$ (56,292)	\$ -	\$ 1,450,212
	Balance January 1, 2023	Increases	Retirements/ Reclassifications	Balance December 31, 2023
Land	\$ 167,400	\$ -	\$ -	\$ 167,400
Depreciable capital assets:				
Land improvements	1,109,345	-	-	1,109,345
Buildings	2,747,489	-	-	2,747,489
Furniture and equipment	470,145	11,643	-	481,788
Total depreciable assets	4,326,979	11,643	-	4,338,622
Less accumulated depreciation:				
Land improvements	(934,700)	(30,033)	-	(964,733)
Buildings	(2,062,507)	(36,043)	-	(2,098,550)
Furniture and equipment	(441,423)	(15,433)	-	(456,856)
Total accumulated depreciation	(3,438,630)	(81,509)	-	(3,520,139)
Total depreciable assets, net	888,349	(69,866)	-	818,483
Right-to-use lease assets:				
Building	737,415	532,728	(737,415)	532,728
Accumulated amortization	(626,803)	(122,719)	737,415	(12,107)
Total right-to-use assets, net	110,612	410,009	-	520,621
	\$ 1,166,361	\$ 340,143	\$ -	\$ 1,506,504

5. Related Party Transactions

ECIDA allocates a portion of personnel and rental costs to its affiliates, RDC and ILDC. Costs allocated to ILDC are subject to available funding sources; no such costs were charged in 2023. ECIDA earned \$320,692 and \$286,799 in affiliate management fees for the years ended December 31, 2024 and 2023. Management fees and receivables by affiliate are as follows:

	Management Fees		Receivables	
	2024	2023	2024	2023
RDC	\$ 300,991	\$ 286,799	\$ 322,042	\$ 300,328
ILDC	19,701	-	4,249,733	4,519,375
	<u>\$ 320,692</u>	<u>\$ 286,799</u>	<u>\$ 4,571,775</u>	<u>\$ 4,819,703</u>

In 2024 and 2023, ECIDA provided ILDC with \$2,113,970 and \$4,477,770 to temporarily finance various projects. These funds are periodically repaid when ILDC receives reimbursement from grant sources.

In 2024 and 2023, Erie County provided \$28,555 and \$129,000, respectively, to ECIDA as a subrecipient of Community Development Block Grant funds. These funds were then transferred to ILDC for its Erie County BDF loan program. These amounts are included in special project grant revenues and expenses in the accompanying statements of revenues, expenses, and changes in net position.

6. Leases

ECIDA, as lessee, entered into a non-cancelable lease for office space through July 31, 2027 and recognized a right-to-use lease asset at the present value of the initial lease liability using a discount rate of 5%. The lease requires annual minimum payments of \$159,307 and utility charges that are determined on an annual basis. Principal and interest due in 2025 total \$143,295 and \$16,012, respectively.

ECIDA entered into a sublease agreement with Buffalo Urban Development Corporation for a portion of their office space through July 31, 2027. ECIDA recognized \$23,940 and \$24,291 in gross rental income, including interest at 5.0%, in 2024 and 2023. Annual receipts are expected to total \$21,046, plus utilities, through 2027.

ECIDA, as lessor, has entered into a non-cancelable lease for its former office through July 31, 2027. ECIDA recognized \$231,700 in gross rental income, including interest at 5.0%, in both 2024 and 2023. Annual receipts are expected to total \$230,856, plus utilities, through 2027.

7. Pension

ECIDA maintains a defined contribution simplified employee pension (SEP) plan covering all of its employees. Employees are eligible to participate six months after employment, with employer contributions vesting immediately. During 2024 and 2023, ECIDA made discretionary contributions of 12% of eligible employees' salaries. ECIDA's expense for contributing to the plan for the years ended December 31, 2024 and 2023 amounted to \$193,741 and \$177,368 respectively. Employees are also permitted to participate in the New York State Deferred Compensation Plan but ECIDA does not make contributions to this plan.

8. Risk Management

ECIDA purchases commercial insurance for various risks of loss due to torts, theft, damage, injuries to employees, and natural disasters in addition to insurance purchased to indemnify directors and officers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

9. Commitments and Contingencies

Grants

ECIDA receives financial assistance from federal, state, and local agencies in the form of grants and fiduciary agreements. Managing these funds generally requires compliance with the terms and conditions specified in the agreements and may be subject to audit by the grantor agencies. Disallowed claims resulting from such audits could become a liability of ECIDA. Based on prior experience, management expects any such amounts to be immaterial.

Litigation

ECIDA is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims and lawsuits will not have a material adverse effect upon the financial position of ECIDA.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Supplementary Information
Combining Balance Sheets

December 31, 2024

	General Account	UDAG Account	Total
Assets			
Current assets:			
Cash	\$ 2,751,671	\$ 2,589,417	\$ 5,341,088
Investments	3,999,364	3,999,262	7,998,626
Receivables			
Affiliates	354,822	4,216,953	4,571,775
Grants	5,214,764	-	5,214,764
Leases	226,584	-	226,584
Other	158,418	26,813	185,231
Prepaid expenses	78,000	-	78,000
	<u>12,783,623</u>	<u>10,832,445</u>	<u>23,616,068</u>
Noncurrent assets:			
Leases receivable	382,699	-	382,699
Capital assets, net	1,450,212	-	1,450,212
Other assets	-	406,247	406,247
Restricted cash	4,988,292	-	4,988,292
Restricted investments	6,540,143	-	6,540,143
	<u>13,361,346</u>	<u>406,247</u>	<u>13,767,593</u>
	<u>\$ 26,144,969</u>	<u>\$ 11,238,692</u>	<u>\$ 37,383,661</u>
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 407,694	\$ -	\$ 407,694
Lease payable	143,295	-	143,295
Accrued expenses	169,642	-	169,642
Unearned revenue	4,498,758	-	4,498,758
	<u>5,219,389</u>	<u>-</u>	<u>5,219,389</u>
Noncurrent liabilities:			
Lease payable	242,026	-	242,026
Funds held on behalf of others	11,287,296	-	11,287,296
	<u>11,529,322</u>	<u>-</u>	<u>11,529,322</u>
Deferred inflows of resources:			
Deferred inflows of resources related to leases	609,283	-	609,283
Net position:			
Net investment in capital assets	1,064,891	-	1,064,891
Restricted	-	11,238,692	11,238,692
Unrestricted	7,722,084	-	7,722,084
	<u>8,786,975</u>	<u>11,238,692</u>	<u>20,025,667</u>
	<u>\$ 26,144,969</u>	<u>\$ 11,238,692</u>	<u>\$ 37,383,661</u>

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

For the year ended December 31, 2024

	General Account	UDAG Account	Total
Operating revenues:			
Administrative fees	\$ 1,862,096	\$ -	\$ 1,862,096
Affiliate management fees	320,692	-	320,692
Rental income	330,275	-	330,275
Other	162,814	-	162,814
Total operating revenues	2,675,877	-	2,675,877
Operating expenses:			
Salaries and benefits	2,229,704	-	2,229,704
General and administrative	571,005	40,525	611,530
Depreciation and amortization	240,534	-	240,534
Other	1,341	-	1,341
Total operating expenses	3,042,584	40,525	3,083,109
Operating loss before special project grants	(366,707)	(40,525)	(407,232)
Special project grants:			
Revenues	855,858	274,450	1,130,308
Expenses	(876,035)	(336,219)	(1,212,254)
	(20,177)	(61,769)	(81,946)
Operating loss	(386,884)	(102,294)	(489,178)
Nonoperating revenues:			
Interest income	274,066	224,803	498,869
Interest expense	(22,986)	-	(22,986)
Decrease in fair value of other assets	(100,639)	-	(100,639)
	150,441	224,803	375,244
Change in net position	(236,443)	122,509	(113,934)
Net position - beginning	9,023,418	11,116,183	20,139,601
Net position - ending	\$ 8,786,975	\$ 11,238,692	\$ 20,025,667

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
Erie County Industrial Development Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Erie County Industrial Development Agency (ECIDA), a business-type activity, as of and for the year December 31, 2024, and the related notes to the financial statements, which collectively comprise ECIDA's basic financial statements, and have issued our report thereon dated March 20, 2025.

Report on Internal Control over Financial Reporting

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

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Lynden & McCormick, LLP". The signature is written in a cursive, flowing style.

March 20, 2025

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

The Board of Directors
Erie County Industrial Development Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Erie County Industrial Development Agency (ECIDA), a business-type activity, as of and for the year ended December 31, 2024, and the related notes to the financial statements, and we have issued our report thereon dated March 20, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that ECIDA failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2024. 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 ECIDA'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 20, 2025