

**BUFFALO AND ERIE COUNTY INDUSTRIAL
LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)**

FINANCIAL STATEMENTS

DECEMBER 31, 2024

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

Table of Contents

December 31, 2024

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 Balance Sheet

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

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 with Section 2925(3)(f) of the New York State Public Authorities Law

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Buffalo and Erie County Industrial
Land Development Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Buffalo and Erie County Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of the County of Erie, New York, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise ILDC'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 ILDC 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 ILDC, 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 ILDC'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 ILDC'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 ILDC'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 ILDC'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 ILDC'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 ILDC'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 ILDC'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

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

Management's Discussion and Analysis (Unaudited)

December 31, 2024

Buffalo and Erie County Industrial Land Development Corporation (ILDC) was incorporated for the purpose of participating in the acquisition and development of industrial sites and to provide financial assistance for the acquisition or renovation of fixed assets by industrial companies locating or expanding in the County of Erie, New York (the County). ILDC is considered a component unit of the County. ILDC also manages a microenterprise revolving loan program on behalf of the County.

As a special-purpose government engaged in business-type activities, ILDC 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*, ILDC is required to present management's discussion and analysis (MD&A) to assist readers in understanding ILDC's financial performance.

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

In 2024 the ILDC continued to move forward in developing Renaissance Commerce Park in Lackawanna, New York, and the Erie County Agribusiness Park in Evans, New York. ILDC completed work on public water and sewer lines at Renaissance Commerce Park and began design work for two new roads and the relocation of a railyard. The Erie County Agribusiness Park Master Plan and Generic Environmental Impact Statement was completed in 2024, and design work began on the access road for the property. Erie County continued to market the Microenterprise Loan/Grant Program.

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 ILDC owns (assets and deferred outflows of resources) and what ILDC owes (liabilities and deferred inflows of resources). ILDC's assets and deferred outflows of resources less its liabilities and deferred inflows of resources (net position) can be one way to measure ILDC's financial position. Over time, increases or decreases in ILDC'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 ILDC'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 ILDC's operating results for the year.
- 3) Statements of Cash Flows – These statements report ILDC's cash flows from operating, capital and related financing, and investing activities, if any.

Financial Highlights

- ILDC's net position decreased by 2% from \$7,586,000 in 2023 to \$7,407,000 in 2024.
- ILDC experienced a decrease in net position of \$179,000 in 2024 compared to an increase of \$236,000 in 2023.
- Operating revenues increased 1,303% from \$35,000 in 2023 to \$491,000 in 2024.
- Operating expenses increased 94% from \$288,000 in 2023 to \$560,000 in 2024.

Condensed Comparative Financial Statements:

Balance Sheets at December 31:

<i>in thousands</i>	2024	2023	\$ Change	% Change	2022
Assets					
Cash	\$ 3,684	\$ 418	\$ 3,266	781%	\$ 1,265
Grants receivable	6,414	9,191	(2,777)	(30%)	10,212
Loans receivable, net	352	485	(133)	(27%)	520
Prepaid expenses	-	-	-	N/A	32
Capital assets, net	175	179	(4)	(2%)	-
Land held for sale	6,472	6,875	(403)	(6%)	6,867
Total assets	\$ 17,097	\$ 17,148	\$ (51)	-	\$ 18,896
Liabilities					
Accounts payable	\$ 67	\$ 880	\$ (813)	(92%)	\$ 824
Due to affiliate	4,250	4,519	(269)	(6%)	180
Unearned revenue	5,373	4,163	1,210	29%	10,572
Total liabilities	9,690	9,562	128	1%	11,576
Net position					
Net investment in capital assets	175	179	(4)	(2%)	-
Restricted	518	540	(22)	(4%)	608
Unrestricted	6,714	6,867	(153)	(2%)	6,742
Total net position	7,407	7,586	(179)	(2%)	7,350
Total liabilities and net position	\$ 17,097	\$ 17,148	\$ (51)	-	\$ 18,926

ILDC's cash balance increased 781% or \$3,266,000 in 2024, after a decrease of 67% or \$847,000 in 2023. The increase was due to a \$2,900,000 balance in a grant-related bank account at the end of 2024 that did not exist in 2023, along with cash inflows of \$549,000 from a land sale in December. The prior year decrease was primarily due to the use of cash for land development activity.

Grants receivable decreased 30% or \$2,777,000 due to grant receipts from Empire State Development and the U.S. Department of Commerce Economic Development Administration (EDA) during the year and coincides with the increase in cash. There was one new grant of \$2,500,000 recognized as grants receivable and unearned revenue in 2024. In 2023, there was a decrease of 10% or \$1,021,000 due mainly to receipts from the EDA and Erie County.

Loans receivable relate to the microenterprise revolving loan fund, known as the Erie County Business Development Fund. Net loans receivable decreased \$133,000 from 2023 to 2024. There was one new loan for \$35,000 and principal payments of \$121,000 received in 2024, combined with a provision for uncollectible loan expense of \$47,000. The uncollectible loan expense is largely due to loans that are partially forgiven as certain requirements are met. There was a \$35,000 decrease in net loans receivable from 2022 to 2023.

Capital assets consist mainly of an entrance sign at Renaissance Commerce Park in Lackawanna, New York. The sign was constructed and installed in 2023, causing an increase in net capital assets. The decrease in 2024 is reflective of depreciation.

Land held for sale consists of 143 acres of land at Renaissance Commerce Park in Lackawanna, New York and 238 acres of land at the former Angola Airport site in Evans, New York. In connection with its economic development purpose, ILDC is working with several partners to return these underutilized properties to productive use. The \$403,000 decrease in land held for sale from 2023 to 2024 is due to the sale of 10 acres at Renaissance Commerce Park. The \$8,000 increase from 2022 to 2023 reflected additional capitalizable costs incurred.

The \$813,000 decrease in accounts payable from 2023 to 2024 and the \$56,000 increase from 2022 to 2023 is primarily due to special project construction-related payables outstanding at the end of 2023.

The \$269,000 or 6% decrease in the total due to affiliate (ECIDA) from 2023 to 2024 is primarily due to the repayment of \$2,375,000 from ECIDA related to land development activities and projects, combined with \$2,114,000 of new funds borrowed. Additional repayment will be made when grant funds are received. The \$4,339,000 increase from 2022 to 2023 was a result of \$4,478,000 borrowed in 2023.

Unearned revenue relates to grants awarded to the ILDC, for which the related revenue has not yet been recognized. The \$1,210,000 increase from 2023 to 2024 is due to the award of one new grant offset by the recognition of revenue related to grants. The decrease from 2022 to 2023 was due to the recognition of revenue related to grants and no new grants.

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 revenue:					
Administrative fee revenue	\$ 338	\$ 11	\$ 327	2,973%	\$ 191
Gain (loss) on land held for sale	124	-	124	N/A	(181)
Interest from loans and other	29	24	5	21%	13
Total revenue	491	35	456	1,303%	23
Operating expenses:					
Transfer to ECIDA	357	28	329	1,175%	282
General, administrative, and depreciation	156	71	85	120%	192
Provision for uncollectible loans (recoveries)	47	189	(142)	(75%)	483
Total operating expenses	560	288	272	94%	957
Operating loss before special project grants	(69)	(253)	184	(73%)	(934)
Special project grants:					
Grant revenue	1,469	6,748	(5,279)	(78%)	2,038
Grant expense	(1,579)	(6,259)	(4,680)	75%	(1,617)
Total special project grants	(110)	489	(599)	(122%)	421
Change in net position	\$ (179)	\$ 236	\$ (415)	(176%)	\$ (513)

Revenue Analysis

ILDC is an issuer of tax-exempt bond financing for not-for-profit entities. These bonds are not obligations of ILDC or the County. ILDC receives bond issuance fees from borrowers for providing this service. ILDC has a shared services agreement with ECIDA under which administrative and staffing services are provided to ILDC in connection with bond issuances in exchange for the related bond issuance fees received by ILDC. In 2024 there was one bond issuance, which was the cause of the increase in fees from 2023. In 2023 there were no bond issuances, resulting in a decrease from 2022.

ILDC sells rehabilitated land as part of its economic development activities. When the sale price of land is greater than the book cost (including land improvements), a gain is recognized, and when the sale price is less than the book cost, a loss is recognized. There was one land sale in 2024, and the sale proceeds were greater than the cost of land to ILDC. There were no land sales in 2023.

The \$5,000 increase in interest from loans and other revenue from 2023 to 2024 is due mainly to income from the lease of a parcel owned by ILDC. The increase from 2022 to 2023 was due mainly to an increase in loan interest from microenterprise fund loans.

Expense Analysis

The amount transferred to ECIDA each year under the shared services agreement consists of administrative fees for bond issuances plus charges from ECIDA for personnel and overhead. Charges for personnel and overhead are derived from ECIDA employee hours charged for ILDC-related projects. The \$329,000 increase from 2023 to 2024 related to one ILDC bond fee of \$338,000 being transferred during the year. The decrease from 2022 to 2023 was due to no bond issuances in 2023 and a decrease in ECIDA employee hours charged.

In 2024, general, administrative, and depreciation expenses increased \$85,000 from \$71,000 to \$156,000, due mainly to increases in legal costs and special district taxes on owned properties. General, administrative, and depreciation expenses decreased \$121,000 from 2022 to 2023 due to decreases in legal and consulting costs and one-time reclassifications of certain other expenses.

Most of the loans made under the microenterprise loan program are forgivable loans, which may provide up to 50% of loan forgiveness if certain criteria are met. The decrease of \$142,000 in the provision for uncollectible loans from 2023 to 2024 reflects fewer forgivable loans awarded in 2024 as compared to 2023. There were no loans forgiven during 2024. There was a decrease in the provision for uncollectible loans of \$294,000 from 2022 to 2023.

Grant revenue decreased \$5,279,000 to \$1,469,000 in 2024, from \$6,748,000 in 2023. This was primarily due to \$1,194,000 of grant revenue recognized for sewer construction reimbursable costs at Renaissance Commerce Park in 2024, compared to \$5,199,000 in 2023. The increase from 2022 to 2023 also related to grant revenue in 2023 for sewer construction.

Grant expenses relate directly to the costs involved with certain projects undertaken by the ILDC and can vary from year to year based on activity. There was a \$4,680,000 decrease in grant expenses from 2023 to 2024 due to an decrease in grant-eligible project expenses discussed above. Most grant expenses are related to the Renaissance Commerce Park project (see Note 3 to the financial statements for additional detail). The increase from 2022 to 2023 also related to projects at Renaissance Commerce Park.

Budget Analysis

ILDC 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 ILDC’s performance compared to the approved 2024 budget.

<i>in thousands</i>	Actual	Budget	\$ Variance	% Variance
Operating revenue:				
Administrative fee revenue	\$ 338	\$ -	\$ 338	N/A
Gain (loss) on land held for sale	124	(250)	374	(150%)
Interest from loans and other	29	19	10	53%
Total revenue	491	(231)	722	(313%)
Operating expenses:				
Transfer to ECIDA	357	24	333	1,388%
General, administrative, and depreciation	156	87	69	79%
Provision for uncollectible loans (recoveries)	47	105	(58)	(55%)
Total operating expenses	560	216	344	159%
Operating loss before special project grants	(69)	(447)	378	(85%)
Special project grants:				
Grant revenue	1,469	5,074	(3,605)	(71%)
Grant expense	(1,579)	(5,210)	3,631	(70%)
Total special project grants	(110)	(136)	26	(19%)
Change in net position	\$ (179)	\$ (583)	\$ 404	(69%)

Overall, ILDC’s decrease in net position for 2024 was below the budgeted decrease by \$404,000. Total revenue was \$722,000, or 313%, above budget due to a property sale and bond issuance in 2024. Total expenses were \$344,000, or 159%, above budget. Most of the variance is due to the transfers to ECIDA being higher than expected as a result of the bond issuance. Grant revenue was \$3,605,000 lower than budget, while grant expenses were \$3,631,000 lower than budget.

Economic Factors Impacting ILDC

ILDC relies upon land sales to generate revenue for continued operations, as well as grant revenue from Erie County and other economic development partners to defray the costs associated with land development. As a result of current uncertain economic conditions, ILDC’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 ILDC's finances. Questions concerning any of the financial information provided in this report should be addressed to the CFO of ILDC at (716) 856-6525. General information relating to ILDC can be found on ECIDA's website, www.ecidany.com.

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

Balance Sheets

December 31,	2024	2023
Assets		
Current assets:		
Cash	\$ 3,683,965	\$ 417,701
Grants receivable (Note 3)	6,413,558	9,191,179
Loans receivable (Note 2)	119,677	123,071
	<u>10,217,200</u>	<u>9,731,951</u>
Noncurrent assets:		
Loans receivable, net (Note 2)	232,565	362,312
Capital assets	184,285	184,285
Accumulated depreciation	(9,726)	(5,192)
Land held for sale (Note 4)	6,472,145	6,875,104
	<u>6,879,269</u>	<u>7,416,509</u>
	<u>\$ 17,096,469</u>	<u>\$ 17,148,460</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 67,342	\$ 880,331
Due to affiliate (Note 5)	4,249,733	4,519,375
Unearned revenue (Note 3)	5,372,594	4,163,198
	<u>9,689,669</u>	<u>9,562,904</u>
Net position:		
Net investment in capital assets	174,559	179,093
Restricted	517,721	539,928
Unrestricted	6,714,520	6,866,535
	<u>7,406,800</u>	<u>7,585,556</u>
	<u>\$ 17,096,469</u>	<u>\$ 17,148,460</u>

See accompanying notes.

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

Statements of Revenues, Expenses, and Changes in Net Position

For the years ended December 31,	2024	2023
Operating revenues:		
Administrative fees	\$ 337,513	\$ 11,200
Gain on land held for sale	124,258	-
Interest from loans and other	28,760	24,061
Total operating revenues	490,531	35,261
Operating expenses:		
Transfer to Erie County Industrial Development Agency	356,714	28,194
General and administrative	151,483	69,047
Provision for uncollectible loans	46,880	189,048
Depreciation	4,534	2,267
Total operating expenses	559,611	288,556
Operating loss before special project grants	(69,080)	(253,295)
Special project grants:		
Special project grant revenue	1,469,378	6,747,957
Special project grant expense	(1,579,054)	(6,258,765)
Total special project grants	(109,676)	489,192
Change in net position	(178,756)	235,897
Net position - beginning	7,585,556	7,349,659
Net position - ending	\$ 7,406,800	\$ 7,585,556

See accompanying notes.

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

Statements of Cash Flows

For the years ended December 31,	2024	2023
Operating activities:		
Administrative fees	\$ 337,513	\$ 11,200
Receipts from (payments to) Erie County Industrial Development Agency	(626,356)	4,311,459
Principal and interest on loans and other	150,021	179,225
Loans awarded	(35,000)	(280,000)
Proceeds from sale of land	548,900	-
Purchase of land held for sale	(21,683)	(7,951)
Payments to vendors	(1,024,127)	(850,727)
Special project grant receipts	5,456,395	1,360,084
Special project grant disbursements	(1,519,399)	(5,389,444)
Net operating activities	3,266,264	(666,154)
Capital and related financing:		
Purchases of capital assets	-	(181,360)
Cash - beginning	417,701	1,265,215
Cash - ending	\$ 3,683,965	\$ 417,701
Reconciliation of change in net position to net cash flows		
from operating activities:		
Change in net position	\$ (178,756)	\$ 235,897
Adjustments to reconcile change in net position to net cash flows from operating activities:		
Gain on land held for sale	(124,258)	-
Provision for uncollectible loans	(46,880)	(189,048)
Depreciation	4,534	2,267
Changes in other assets and liabilities:		
Grants receivable	2,777,621	1,020,893
Loans receivable	180,021	253,260
Prepaid expenses	-	31,500
Land held for sale	527,217	(7,951)
Accounts payable	(812,989)	56,141
Due to affiliate	(269,642)	4,339,653
Unearned revenue	1,209,396	(6,408,766)
Net operating activities	\$ 3,266,264	\$ (666,154)

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Organization

Buffalo and Erie County Industrial Land Development Corporation (ILDC) was incorporated for the purpose of participating in the acquisition and development of industrial sites and to provide financial assistance for the acquisition or renovation of fixed assets by industrial companies locating or expanding in the County of Erie, New York (the County). ILDC manages a microenterprise revolving loan program which is dedicated to improving economic conditions in the County.

ILDC has related party relationships with Erie County Industrial Development Agency (ECIDA) and Buffalo and Erie County Regional Development Corporation (RDC). All three entities are managed by the same personnel. 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.

In accordance with accounting standards, ILDC is considered a component unit of the County. The County, acting by and through the County Executive, is the sole member of ILDC and is financially accountable for it; as a result, ILDC is included in the financial statements of the County as a discretely presented component unit.

Basis of Presentation

The financial statements 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 (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Measurement Focus

ILDC 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. ILDC'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.

ILDC'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 or special project grants whose purpose aligns with the primary mission of ILDC. Grants receivable and unearned revenue are recognized at the time awarded and are recognized as revenue when all eligibility requirements imposed by the provider have been satisfied. ILDC receives special project grants from various Federal, State, and County governments.

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 New York State (the State) laws and as established by ILDC's written policies. Cash 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, ILDC'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, ILDC's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging bank's agent in ILDC'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 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. Management provides for probable uncollectible amounts through a charge to expenses and a credit to a valuation allowance based on its assessment of the current status of individual accounts, historical trends, and reasonable forecasts. Loans are written off through a charge to the valuation allowance and a credit to loans receivable after management has used reasonable collection efforts, and 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.

Capital Assets

Capital assets are recorded at cost. 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

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 and deferred outflows of resources reduced by related liabilities. Restrictions are imposed by external organizations such as federal or state laws and include amounts maintained in the Erie County Business Development Fund (Erie County BDF) (Note 2).
- *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.

Tax-Exempt Bond Transactions

ILDC is an issuer of tax-exempt bond financing for not-for-profit entities which meet the definition of conduit debt obligations. These bonds are obligations of the borrower and secured by the assets they finance. ILDC receives administrative fees from the borrower for providing bond issues which are recognized according to the terms of the fee agreement. ILDC also has a shared services agreement with ECIDA under which administrative and staffing services are provided to ILDC in connection with bond issuances in exchange for the related bond issuance fees received by ILDC. At December 31, 2024, previously issued bonds have an aggregate outstanding principal amount payable of \$337,249,793, none of which is recognized as a liability of ILDC.

ILDC transferred \$337,000 and \$10,000 in administrative fees to ECIDA in 2024 and 2023.

Income Taxes

Although the financial statements are required to be reported as a governmental entity, ILDC 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 microenterprise revolving loan program was originally funded through a Community Development Block Grant (CDBG). Loans receivable maintained in the Erie County BDF are restricted pursuant to the original grant terms.

Loans made to local businesses from the Erie County BDF complement private financing at an interest rate of 2% with varying repayment terms. In 2022, ILDC began to provide microenterprise forgivable loans that may provide up to 50% of loan forgiveness if certain criteria are met by the borrower.

ILDC previously provided a \$750,000 forgivable loan to a borrower. The entire balance of the loan will be forgiven in installments of \$150,000 from 2025 through 2029 as long as the borrower meets certain job creation and retention requirements as set forth in the agreement. The balance of the loan is included in loans receivable and fully recognized in the allowance for uncollectible loans. The following is a summary of the loans receivable:

	2024	2023
Current status	\$ 1,828,254	\$ 1,914,515
Less allowance	1,476,012	1,429,132
	352,242	485,383
Less current portion	119,677	123,071
	<u>\$ 232,565</u>	<u>\$ 362,312</u>

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

	2024	2023
Balance, beginning of year	\$ 1,429,132	\$ 1,306,584
Additions charged to operations	46,880	189,048
Reduction in allowances	-	(66,500)
	<u>\$ 1,476,012</u>	<u>\$ 1,429,132</u>

Scheduled maturities, net of allowances, for the next five years and thereafter are as follows:

	Principal	Interest
2025	\$ 119,677	\$ 17,057
2026	116,576	14,398
2027	72,339	8,474
2028	32,987	3,630
2029	10,663	981
	<u>\$ 352,242</u>	<u>\$ 44,540</u>

3. Special Project Grants

Special project grants are comprised of the following:

Bethlehem Phase II

In connection with Phase II of the Renaissance Commerce Park redevelopment, ILDC authorized the execution of a \$1,755,000 grant from Empire State Development (ESD) as Phase I of a capital grant under the Buffalo Billion II Initiative. Proceeds from this grant are used to acquire additional vacant Brownfield property at Renaissance Commerce Park, purchase a right-of-way along the eastern edge of the property, and plan for the Lackawanna-Woodlawn State Park Shoreline trail.

Phase II of the capital grant in the amount of \$7,695,000 under the Buffalo Billion II initiative was authorized by ILDC in 2021. Proceeds from this grant are used toward the design and construction of infrastructure improvements including additional environmental remediation, construction of new roads, and installation of utility corridors.

Bethlehem EDA

In 2022, ILDC authorized a \$2,680,000 grant from the U.S. Department of Commerce Economic Development Administration (EDA). Proceeds from this grant are used for the construction of water and sewer systems to facilitate development of land at Renaissance Commerce Park.

Angola Agribusiness Park

ILDC previously received grants from National Grid for \$354,000, Erie County for \$230,000, and from ESD for \$250,000 for the development of an agribusiness park at the former Angola Airport in Angola, New York. In 2024, ILDC also received a grant from the County for \$2,500,000 for this project.

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

	2024	2023
Bethlehem Phase II	\$ 3,195,000	\$ 6,695,000
Bethlehem EDA	62,106	1,809,107
Angola Agribusiness Park	3,156,452	687,072
	<u>\$ 6,413,558</u>	<u>\$ 9,191,179</u>

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

	2024	2023
Bethlehem Phase II	\$ 2,529,906	\$ 3,692,057
Bethlehem EDA	-	32,267
Angola Agribusiness Park	2,820,910	431,096
Other	21,778	7,778
	<u>\$ 5,372,594</u>	<u>\$ 4,163,198</u>

4. Land Held for Sale

Land held for sale is recorded at net realizable value based on assessment of the fair value of each project. The net realizable value as of December 31, 2024 and 2023 amounted to \$6,472,145 and \$6,875,104, respectively.

In February 2017, ILDC entered into a funding agreement with ECIDA to accept \$6,700,000 in the form of a partially refundable grant from ECIDA's U.S. Department of Housing and Urban Development Urban Development Action Grant (UDAG) reflow fund in connection with a Brownfield reclamation and redevelopment project at Renaissance Commerce Park in Lackawanna, New York. \$5,700,000 of the grant was earmarked for the purchase of real property, with the remaining \$1,000,000 to be used for carrying costs during and after property acquisition. Additional funding of up to \$700,000 for property acquisition was granted from ECIDA's UDAG reflow fund in September 2017. The initial \$1,000,000 for carrying costs was exhausted during 2023 and ECIDA approved additional funding for necessary carrying costs. As of December 31, 2024 and 2023, \$6,338,416 of the \$6,400,000 total amount granted has been spent on real property. As of December 31, 2024 and 2023, \$1,209,841 and \$1,093,297 for carrying costs was utilized, respectively.

In connection with the Phase I land purchase, ILDC accepted a \$2,780,000 grant from ESD. Proceeds from this grant were used to reimburse ECIDA. In addition, ILDC resolved to remit to ECIDA 50% of the net proceeds received upon the future sale of portions of land at Renaissance Commerce Park acquired using ECIDA grant funds, the aggregate of which is not to exceed \$6,700,000. As of December 31, 2024 and 2023, \$3,637,575 and \$3,363,125 in reimbursements have been made to ECIDA.

In December 2018, ILDC entered into a funding agreement with ECIDA to accept \$1,200,000 in the form of a partially refundable grant from ECIDA's UDAG reflow fund in connection with a redevelopment project at the former Angola Airport site in Angola, New York. \$900,000 of the grant was designated for the purchase of real property, with the remaining \$300,000 to be used for carrying costs during and after property acquisition. As of December 31, 2024 and 2023, \$855,084 of the \$900,000 granted for the purchase of real property was utilized. As of December 31, 2024 and 2023, \$184,397 and \$164,722 of the \$300,000 granted for carrying costs was utilized.

5. Related Party Transactions

ECIDA allocates a portion of its personnel and overhead costs to ILDC when sufficient funds are available. In 2024, cost of \$19,701 were charged to ILDC; no such amounts were charged in 2023. The amount outstanding to ECIDA at December 31, 2024 and 2023 related to these costs amounted to \$32,781 and \$41,605, respectively. In 2023, the ECIDA Board of Directors authorized ILDC to utilize ECIDA's UDAG funding for cash flow purposes while project reimbursements are processed. In 2024 and 2023, ECIDA provided a total of \$4,216,952 and \$4,477,770 for this purpose. Amounts due to ECIDA totaled \$4,249,733 and \$4,519,375 at December 31, 2024 and 2023, respectively.

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

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

Supplementary Information
Combining Balance Sheet

December 31, 2024

	Operating	Erie County BDF Program	Total
Assets			
Current assets:			
Cash	\$ 3,484,746	\$ 199,219	\$ 3,683,965
Grants receivable	6,413,558	-	6,413,558
Loans receivable	-	119,677	119,677
	<u>9,898,304</u>	<u>318,896</u>	<u>10,217,200</u>
Noncurrent assets:			
Loans receivable, net	-	232,565	232,565
Capital assets	184,285	-	184,285
Accumulated depreciation	(9,726)	-	(9,726)
Land held for sale	6,472,145	-	6,472,145
	<u>6,646,704</u>	<u>232,565</u>	<u>6,879,269</u>
	<u>\$ 16,545,008</u>	<u>\$ 551,461</u>	<u>\$ 17,096,469</u>
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 66,383	\$ 959	\$ 67,342
Due to affiliate	4,216,952	32,781	4,249,733
Unearned revenue	5,372,594	-	5,372,594
	<u>9,655,929</u>	<u>33,740</u>	<u>9,689,669</u>
Net position:			
Net investment in capital assets	174,559	-	174,559
Restricted	-	517,721	517,721
Unrestricted	6,714,520	-	6,714,520
	<u>6,889,079</u>	<u>517,721</u>	<u>7,406,800</u>
	<u>\$ 16,545,008</u>	<u>\$ 551,461</u>	<u>\$ 17,096,469</u>

BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

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

For the year ended December 31, 2024

	Operating	Erie County BDF Program	Total
Operating revenues:			
Administrative fees	\$ 337,513	\$ -	\$ 337,513
Gain on land held for sale	124,258	-	124,258
Interest from loans and other	8,755	20,005	28,760
Total operating revenues	<u>470,526</u>	<u>20,005</u>	<u>490,531</u>
Operating expenses:			
Transfer to Erie County Industrial Development Agency	337,013	19,701	356,714
General and administrative	147,297	4,186	151,483
Provision for uncollectible loans	-	46,880	46,880
Depreciation	4,534	-	4,534
Total operating expenses	<u>488,844</u>	<u>70,767</u>	<u>559,611</u>
Operating loss before special project grants	(18,318)	(50,762)	(69,080)
Special project grants:			
Special project grant revenue	1,440,823	28,555	1,469,378
Special project grant expense	(1,579,054)	-	(1,579,054)
Total special project grants	<u>(138,231)</u>	<u>28,555</u>	<u>(109,676)</u>
Change in net position	(156,549)	(22,207)	(178,756)
Net position - beginning	<u>7,045,628</u>	<u>539,928</u>	<u>7,585,556</u>
Net position - ending	<u>\$ 6,889,079</u>	<u>\$ 517,721</u>	<u>\$ 7,406,800</u>

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 Industrial
Land 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 Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of the County of Erie, New York, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise ILDC'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 ILDC'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 ILDC's internal control. Accordingly, we do not express an opinion on the effectiveness of ILDC'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 ILDC'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 ILDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ILDC'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

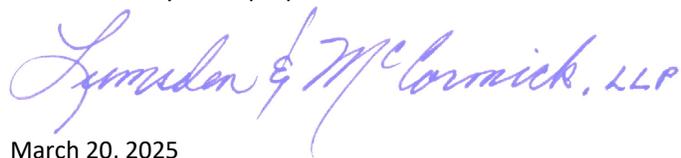
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

The Board of Directors
Buffalo and Erie County Industrial
Land 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 Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of the County of Erie, New York, 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 ILDC 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 ILDC'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