

**Buffalo and Erie County Regional Development Corporation
Meeting of the Membership
March 24, 2021 @ 12:00 p.m.**



Via Conference Call & Livestreaming

1.0 Call to Order

2.0 Approval of Minutes

- 2.1 Approval of the February 24, 2021 Minutes of the Meeting of the Membership (Action Item) (Pages 2-3)

3.0 Reports / Action Items / Information Items:

- 3.1 Financial Report (Informational) (Pages 4-7)
3.2 Finance & Audit Committee Update (Informational) (Pages 8-9)
 a) Committee Self-Evaluation (Informational) (Pages 10-13)
3.3 Audited Financial Statements (Action Item) (Pages 14-48)
3.4 2020– Investment Report (Action Item) (Pages 49-51)
3.5 Governance Committee Report (Informational) (Pages 52-53)
 a) Committee Self-Evaluation (Informational) (Pages 54-58)
 b) Board Self-Evaluation (Informational) (Page 59)
3.6 2021 Loan Status Report (Informational) (Page 60)
3.7 Approval of Board Certification of RLF Plan (Pages 61-67)

4.0 Review and Adoption of Policies, Reports and Committee Charters: (Separate Package)

1. 2020 - Mission Statement, Performance Measures and Results (Action Item) (Pages 2-12)
2. 2021 - Mission Statement and Performance Measures (Action Item) (Pages 13-23)
3. 2020 - Public Authorities Report (Action Item) (Pages 24-84)
4. Procurement Policy (Action Item) (Pages 85-89)
5. Sexual Harassment Policy (Action Item) (Pages 90-98)
6. Employee Compensation Program (Action Item) (Pages 99-100)

Re-Adopt Policies & Charters

7. Code of Ethics & Conflict of Interest Policy (Action Item) (Pages 101-106)
8. Investment & Deposit Policy (Action Item) (Pages 107-114)
9. Whistleblower Policy and Procedures (Action Item) (Pages 115-117)
10. Defense & Indemnification Policy (Action Item) (Page 118)
11. Finance & Audit Committee Charter (Action Item) (Pages 119-123)
12. Governance Committee Charter (Action Item) (Pages 124-127)
13. Property Disposition Guidelines (Action Item) (Pages 128-134)
14. Real Property Acquisition Policy (Action Item) (Pages 135-136)
15. Board Member Compensation, Reimbursement & Attendance Policy (Action Item) (Page 137).
16. Travel, Conferences, Meals & Entertainment Policy (Action Item) (Pages 138-144)
17. Statement of Duties & Responsibilities of the Board of Directors (Action Item) (Pages 145-147)
18. Statement of the Competencies & Personal Attributes Required of Board Members (Action Item) (Page 148)
19. Corporate Credit Card Policy (Action Item) (Pages 149-151)

5.0 Management Team Reports:

- 5.1 2020 Year in Review

6.0 Adjournment- Next Meeting April 28, 2021 (Annual Meeting)

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

- DATE AND PLACE:** February 24, 2021, held via telephone conference. Governor Cuomo’s Executive Order 202.1, as amended from time to time, issued in response to the Coronavirus (COVID-19) crisis, suspended Article 7 of the Public Officers Law to the extent necessary to permit any public body to take actions without permitting in public in-person access to such meetings and authorized such meetings to be held remotely by conference call or other similar service, provided the public has the ability to view or listen to such proceedings and that the meeting is recorded and transcribed.
- LIVE STREAMED:** This Board meeting is being live-streamed and made accessible on the Erie County Industrial Development Agency website at www.ecidany.com.
- PRESENT:** Denise Abbott, Hon. Diane Benczkowski, Rev. Mark E. Blue, Hon. Joseph Emminger, Tyra Johnson, Hon. Brian Kulpa, Richard Lipsitz, Brenda W. McDuffie, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz, Sister Denise Roche and Kenneth A. Schoetz and Paul Vukelic
- EXCUSED:** Hon. Bryon W. Brown, James Doherty, Dottie Gallagher, Hon. Howard Johnson, Hon. Darius G. Pridgen and Renee Wilson
- OTHERS PRESENT:** John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer; Karen M. Fiala, Vice President/Secretary; Atiqah Abidi, Assistant Treasurer; Gerald Manhard, Chief Lending Officer; Jamee Lanthier, Compliance Officer; Beth O’Keefe, Business Development Officer; Grant Lesswing, Business Development Officer; Brian Krygier, Systems Analyst; Carrie Hocieniec, Administrative Coordinator; Lori Szewczyk, Director of Grants; Robbie Ann McPherson, Director, Marketing & Communications, and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC
- GUESTS:** Maria Whyte, Deputy County Executive; Hon. April Baskin; Andrew Federick, Erie County Senior Economic Development Specialist; Lisa Hicks on behalf of the City of Buffalo; and Seth Piccirillo on behalf of Buffalo Niagara Partnership

There being a quorum present at 12:30 p.m., the Meeting of the Board of Directors of the Buffalo and Erie County Regional Development Corporation was called to order by Chairwoman McDuffie.

MINUTES

The minutes of the November 28, 2020 meeting of the members were presented. Mr. Kulpa moved and Sister Denise seconded, to approve of the minutes. Ms. McDuffie called for the vote, and the minutes were then unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Financial Report. Ms. Profic presented the January 2021 financial report, noting that the balance sheet shows that the RDC ended 2020 with total assets of \$17.3M and fund balance of \$17M. The RDC ended the 2020 financial year with an overall net loss of \$138,000. Interest income on loans for 2020 totaled \$374,000, which was below budget due to the RDC's ability to offer flexibility to borrowers as a result of the pandemic. Most of our borrowers had a period of principal and/or interest deferral during 2020. 2020 expenses were higher than normal due to legal fees in excess of \$130,000 incurred to handle matters with a few borrowers whose loans are now written off. At the end of January, RDC's total assets were \$17.3M, a slight increase from the end of December. There was one loan payoff during the month. The January income statement shows \$37,000 of revenue, mostly loan interest income, and \$30,000 of expenses, netting to income of \$7,000 in January. The year-to-date income statement is the same at this point, but also includes a comparison to January 2020. Ms. McDuffie directed that the report be received and filed.

Ratify Contract-H. Sicherman & Company. Mr. Cappellino described the contemplated contract with H. Sicherman & Company to provide underwriting and loan analysis services.

Mr. Kulpa moved and Mr. Poloncarz seconded to ratify, confirm, and approve of the engagement of H. Sicherman & Company for underwriting and loan analysis services. Ms. McDuffie then called for the vote and the following resolution was unanimously approved:

RESOLUTION OF THE BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION (THE "RDC") RATIFYING AND CONFIRMING THE NEGOTIATION AND EXECUTION OF A CONTRACT WITH H. SICHERMAN & COMPANY ("HSC") TO PROVIDE UNDERWRITING AND LOAN ANALYSIS SERVICES

RDC Loan Status Report. Mr. Manhard presented members with a status report of RDC lending activities. Mr. Poloncarz thanked RDC staff and the Loan Committee for their efforts in supporting Erie County businesses. Ms. McDuffie directed that the report be received and filed.

There being no further business to discuss, Ms. McDuffie adjourned the meeting of the Agency at 12:45 p.m.

Dated: February 24, 2021

Karen M. Fiala, Secretary

Regional Development Corporation

Financial Statements

As of February 28, 2021

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Balance Sheet

February 28, 2021

	February 2021	January 2021	December 2020
ASSETS:			
Restricted Cash**	\$ 7,054,229	\$ 6,704,074	\$ 6,542,914
Accounts Receivable	11,015	11,015	11,015
Prepaid Expenses	2,500	-	-
Direct Loans *	10,343,169	10,662,541	10,789,595
50/50 Bank Participation Loans *	148,776	149,514	149,514
Reserve for Loan losses	(181,412)	(181,412)	(181,412)
Total Loan Assets, net	<u>10,310,532</u>	<u>10,630,642</u>	<u>10,757,697</u>
TOTAL ASSETS	<u><u>\$ 17,378,277</u></u>	<u><u>\$ 17,345,731</u></u>	<u><u>\$ 17,311,626</u></u>
LIABILITIES & NET ASSETS			
Accounts Payable	\$ -	\$ -	\$ 2,659
Due to ECIDA	352,200	323,400	293,638
Total Liabilities	<u>352,200</u>	<u>323,400</u>	<u>296,298</u>
Restricted Fund Balance	<u>17,026,077</u>	<u>17,022,331</u>	<u>17,015,328</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 17,378,277</u></u>	<u><u>\$ 17,345,731</u></u>	<u><u>\$ 17,311,626</u></u>

* Loan Portfolio Summary:	February 2021	January 2021	December 2020
# of Legacy RLF Loans	31	32	33
# of CARES Act RLF Loans	2	2	2
# of 50/50 Bank Participation Loans	1	1	1
	<u>34</u>	<u>35</u>	<u>36</u>

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

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Income Statement
 Month of February 2021

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 36,750	\$ 45,000	\$ (8,250)
Interest Income - Cash & Inv.	384	167	217
Administrative Fees	-	1,250	(1,250)
Other Income	8,795	417	8,378
Total Revenues	<u>45,928</u>	<u>46,833</u>	<u>(905)</u>
EXPENSES:			
Management Fee - ECIDA*	26,700	26,667	33
Rent & Facilities Expenses	2,100	2,083	17
Professional Services	4,141	6,250	(2,109)
General Office Expenses	19	142	(123)
Other Expenses	9,223	2,481	6,741
Total Expenses	<u>42,183</u>	<u>37,623</u>	<u>4,560</u>
NET INCOME/(LOSS):	<u>\$ 3,746</u>	<u>\$ 9,210</u>	<u>\$ (5,465)</u>

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2020 budgeted figures.

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Income Statement

Year to Date: February 28, 2021

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 72,799	\$ 90,000	\$ (17,201)	\$ 72,799	\$ 60,971	\$ 11,828
Interest Income - Cash & Inv.	803	333	470	803	7,887	(7,084)
Administrative Fees	-	2,500	(2,500)	-	8,000	(8,000)
Other Income	9,090	833	8,256	9,090	599	8,490
Total Revenues	82,692	93,667	(10,974)	82,692	77,458	5,234
EXPENSES:						
Management Fee - ECIDA*	53,400	53,333	67	53,400	53,333	67
Rent & Facilities Expenses	4,200	4,167	33	4,200	4,167	33
Professional Services	4,141	28,100	(23,959)	4,141	3,825	316
General Office Expenses	960	283	677	960	106	855
Other Expenses	9,243	4,963	4,280	9,243	3,880	5,362
Total Expenses	71,944	132,512	(60,568)	71,944	65,311	6,633
NET INCOME/(LOSS):	\$ 10,748	\$ (38,846)	\$ 49,594	\$ 10,748	\$ 12,148	\$ (1,399)

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2020 budgeted figures.



To: ECIDA, RDC & ILDC Boards of Directors
From: Michael Szukala, Chair
Date: March 24, 2021
Re: Finance & Audit Committee Report

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

A joint meeting of the ECIDA, RDC & ILDC Finance & Audit Committee was held on March 17, 2021. Committee members present were: Michael Szukala, Chair, Penny Beckwith, Glenn Nellis, and William Witzleben. The following items were reviewed:

1) Freed Maxick CPAs Report including Draft 2020 Audited Financial Statements

The Agency’s auditors presented the Draft 2020 Audited Financial Statements for ECIDA, RDC, and ILDC (copies of which are included in respective Board packages).

- The independent auditors expressed an unmodified (clean) opinion on the financial statements of all entities. This type of opinion indicates that the financial statements present fairly, in all material respects, the financial position of the corporations as of December 31, 2020 and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.
- No uncorrected audit adjustments were noted.
- No significant deficiencies or material weaknesses in internal controls noted.

2) Public Authorities 2020 Report

The joint Finance & Audit Committee approved the Public Authorities 2020 Report required under the Public Authorities Law and recommended that it be approved by their respective Boards.

3) 2020 Investment Reports

The joint Finance & Audit Committee approved the 2020 Investment Reports, which are required under the Public Authorities Law and recommended that they be approved by their respective Boards.

4) Investment and Deposit Policy (Re-adoption)

The joint Finance & Audit Committee reviewed the Investment and Deposit Policy and recommended that it be approved by their respective Boards.

5) Finance & Audit Committee Charter (Re-adoption)

The joint Finance & Audit Committee reviewed the joint Committee Charter and recommended that it be approved by their respective Boards.

6) Corporate Credit Card Policy (Re-adoption)

The joint Finance & Audit Committee approved the Corporate Credit Card policy and reviewed the card activity over the past year as required by the policy.

7) Finance & Audit Committee Self-Evaluation

The joint Finance & Audit Committee prepared a report that documents the Committee's activities for 2020 as required under the Public Authorities Law.

8) The Committee reviewed Management's Assessment of the Effectiveness of Internal Controls, a document prepared by management based on internal control processes and procedures of the organization. The document will be posted on the website as required by the ABO.

9) The Committee reviewed a document entitled "The Strategic Audit Committee: Navigating 2021" by Deloitte's Center for Board Effectiveness to satisfy the educational requirements set forth in the Finance & Audit Committee Charter.

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

2020 Finance & Audit Committee Self-Evaluation

Responsibilities of the Finance & Audit Committee:

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

Finance & Audit Committee Self-Evaluation	Yes	No	Pen ding	Comments
1. Are the members of the Finance & Audit Committee appointed in accordance with the Bylaws and do individuals appointed to the Finance & Audit Committee possess the necessary skills to understand the duties and functions of the Finance & Audit Committee and are familiar with corporate financial and accounting practices?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Is each member of the Finance & Audit Committee an "independent member" within the meaning of, and to the extent required by, Section 2825 of the New York Public Authorities Law, as amended from time to time? Did Finance & Audit Committee members, who are members of the Agency, comply with the conflict of interest provisions applicable to public officers under Article 18 of the New York General Municipal Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Did the Finance & Audit Committee meet a minimum of twice each calendar year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Finance & Audit Committee met on 3/20/20, 8/18/20, 9/16/20, and 10/16/20.

Finance & Audit Committee Self-Evaluation	Yes	No	Pen ding	Comments
<p>4. Were meeting notices and agendas prepared for each meeting and provided to Finance & Audit Committee members by electronic or regular mail at least five (5) days in advance of the scheduled meeting? Were minutes of all meetings recorded by the Secretary or any Assistant Secretary of the Agency? Did all meetings comply with the requirements of the Open Meetings Law?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>5. Did the Finance & Audit Committee develop the Agency's audit practices, which should address independent auditors and financial statements; internal controls, compliance, and risk assessment; special investigations; and other responsibilities?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	See Questions #6-#10 below.
<p>6. Did the Finance & Audit Committee:</p> <p>(a) Recommend to the Board the appointment of independent auditors, establish the compensation to be paid to the auditors, and provide oversight of the audit services provided by the independent auditor?</p> <p>(b) Establish procedures for the engagement of the independent auditors to provide permitted audited services?</p> <p>(c) Review and approve the Agency's audited financial statements, associated management letter, and all other auditor communications?</p> <p>(d) Review significant accounting and reporting issues and understand their impact on the financial statements of the Agency?</p> <p>(e) Meet with the Agency's independent auditor at least annually to discuss the financial statements of the Agency and any issues that may have arisen during the audit?</p> <p>(f) Review and discuss any significant risks reported in the independent audit and assess the responsiveness of management's follow-up activities regarding same?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>In March of 2020, Freed Maxick completed audits of the ECIDA, RDC, and ILDC for the year ended 12/31/19. The auditors issued an unmodified (clean) opinion that the statements fairly presented the financial position of the above referenced corporations. The auditors also indicated that the audits did not uncover any material weaknesses in internal control and there were no instances of non-compliance in accordance with government auditing standards.</p>

Finance & Audit Committee Self-Evaluation	Yes	No	Pending	Comments
7. Did the Finance & Audit Committee review management's assessment of the effectiveness of the Agency's internal controls and review the actions taken by management on the independent accountants' and auditors' suggestions for correcting weaknesses in the Agency's internal controls, regulatory compliance, and organizational structure and operations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Management's assessment of the effectiveness of internal controls was reviewed with the Committee at the March 2020 meeting. The March 2020 audit reports did not identify any internal control deficiencies or material weaknesses.
8. Did the Finance & Audit Committee: (a) Ensure that the Agency has a confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest by directors, officers, or employees of the Agency or anyone having business dealings with the Agency? (b) Develop procedures for the receipt, retention, investigation, or referral of complaints concerning accounting, internal controls, and auditing? (c) Request and oversee special investigations as needed or refer specific issues to the Board or appropriate committee for further investigation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The ECIDA adopted a Whistleblower Policy in March of 2012. The Policy describes the process for reporting suspected fraudulent activities and describes the protections afforded to individuals who report suspected fraudulent activities. The Policy was re-adopted by the Board of Directors on 3/25/20.
9. Did the Finance & Audit Committee obtain information and training needed to enhance the committee members' understanding of the role of the independent auditor, the risk management process, internal controls, and appropriate level of familiarity in financial reporting standards and processes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	On 3/20/20, the Committee reviewed an article entitled, "The Strategic Audit Committee: A 2020 Preview" published by the Deloitte Center for Board Effectiveness.

Finance & Audit Committee Self-Evaluation	Yes	No	Pending	Comments
<p>10. Did the Finance & Audit Committee:</p> <p>(a) Report its actions and recommendations to the Board?</p> <p>(b) Report to the Board at least annually regarding any changes to the Finance & Audit Committee Charter?</p> <p>(c) Provide a self-evaluation to the Board on an annual basis?</p> <p>(d) Report to the Board at least annually on the findings of its independent auditors?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>On 3/25/20, the Audit & Finance Committee reported on its activities to the ECIDA Board of Directors. These activities included the:</p> <p>(1) Audit & Finance Committee self-evaluation; (2) Audit & Finance Committee Charter; (3) draft 2019 financial statements audited by Freed Maxick, CPAs; (4) Corporate Credit Card Policy; (5) 2019 Public Authorities Annual Report; (6) Investment & Deposit Policy; and (7) 2019 Investment Reports.</p>

Finance & Audit Committee Self-Evaluation
<p>Other Self-Evaluation Notes</p> <p>In addition to the above:</p> <ul style="list-style-type: none"> • During its 3/9/20 meeting, the Committee reviewed drafts of the 2019 audited financial statements for the ECIDA, RDC, and ILDC. The Committee also reviewed the 2019 PAAA Annual Report, 2019 Investment Reports, Investment & Deposit Policy, Finance & Audit Committee Charter, Corporate Credit Card Policy, and the 2019 Finance & Audit Self-Evaluation. • During its 8/18/20 meeting, ECIDA staff discussed the ECIDA, RDC, and ILDC budget review process and the timelines for obtaining approval for those budgets. The Committee also reviewed drafts of the 2021 ECIDA, RDC, and ILDC operating and capital budgets and three-year forecasts. The Committee also voted to recommend a bond issuance for D'Youville College. • During its 9/16/20 meeting, the Committee voted to recommend a bond issuance for Related Affordable/Elmwood Square Apartments. The Committee also approved drafts of the 2021 ECIDA, RDC, and ILDC operating and capital budgets and three-year forecasts for recommendation to their respective Boards. In addition, the Committee approved an extension for Freed Maxick to provide auditing services to the ECIDA, RDC, and ILDC for the year ending 12/31/2020. • During the 10/16/20 meeting, Freed Maxick reviewed their 2020 Audit Plan for ECIDA, RDC, and ILDC.

**AUDITED
FINANCIAL STATEMENTS**

**BUFFALO AND ERIE COUNTY REGIONAL
DEVELOPMENT CORPORATION**

DECEMBER 31, 2020

DRAFT

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

Management's Discussion and Analysis

**December 31, 2020
(UNAUDITED)**

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

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

In compliance with GASB Statement No. 34, we present the attached overview and analysis of the financial activities of RDC as of and for the years ended December 31, 2020, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with RDC's audited financial statements.

In 2020 the RDC was impacted by the COVID-19 pandemic and state of emergency declaration in New York State. RDC was afforded certain flexibilities by the EDA, which allowed RDC to work with borrowers to defer loan payments, if needed. Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, EDA awarded \$5 million to ECIDA to capitalize a new RLF, which ECIDA sub-granted to RDC to administer.

Basic Overview of the Financial Statements

Included in this report are the following financial statements:

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

Financial Highlights

- RDC's total net position decreased slightly from \$17,043,000 in 2019 to \$17,015,000 in 2020.
- RDC experienced a decrease in net position of \$27,000 in 2020 compared to a decrease of \$1,280,000 in 2019.
- Operating revenues decreased 22% from \$500,000 in 2019 to \$388,000 in 2020.
- Operating expenses decreased 70% from \$1,818,000 in 2019 to \$541,000 in 2020.

Condensed Comparative Financial Statements:

1. Statements of Net Position:

The following table (Table 1) presents condensed comparative financial information and was derived from the audited statements of net position of RDC.

Table 1
Statements of Net Position at December 31, 2020, 2019 and 2018
(Amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2018</u>
Assets:					
Cash	\$ 6,543	\$ 7,650	\$ (1,107)	-14%	\$ 5,963
Accounts receivable	11	-	11	100%	-
Loans receivable, net	10,758	9,720	1,038	11%	12,714
Total assets	\$ 17,312	\$ 17,370	\$ (58)	0%	\$ 18,677
Liabilities:					
Accounts payable	\$ 3	\$ 24	\$ (21)	-88%	\$ -
Due to affiliate	294	303	(9)	-3%	354
Total liabilities	297	327	(30)	-9%	354
Net position:					
Restricted	17,015	17,043	(28)	0%	18,323
Total net position	17,015	17,043	(28)	0%	18,323
Total liabilities and net position	\$ 17,312	\$ 17,370	\$ (58)	0%	\$ 18,677

Cash – RDC’s cash balance decreased 14% or \$1,107,000 primarily due to an increase in loans disbursed during 2020. The cash increase from \$5,963,000 in 2018 to \$7,650,000 in 2019 was a result of loan payoffs.

Loans Receivable, net – Loans receivable relate to the RLFs operated by RDC, net of an allowance. Loans receivable increased \$1,038,000, or 11% from 2019 to 2020, due to loans closed during 2020. The decrease in loans receivable from \$12,714,000 in 2018 to \$9,720,000 in 2019 was a result of loan payoffs and loan write-offs.

Due to Affiliate – Due to affiliate reflects the amount due to ECIDA under a shared services agreement for personnel and overhead at the end of the year. The \$9,000 decrease in due to affiliate from 2019 to 2020 reflects the change in hours charged to RDC by ECIDA employees. The decrease in amounts due to affiliate from \$354,000 in 2018 to \$327,000 in 2019 related mainly to staffing changes during 2019.

2. Change in Net Position:

The following table (Table 2) presents condensed, comparative financial information and was derived from RDC's audited statements of revenues, expenses, and changes in net position.

Table 2
Change in Net Position for the Years ended December 31, 2020, 2019 and 2018
(Amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2018</u>
Operating revenue:					
Interest from loans	\$ 375	\$ 491	\$ (116)	-24%	\$ 450
Loan commitment fees	13	9	4	44%	26
Total revenue	<u>\$ 388</u>	<u>\$ 500</u>	<u>\$ (112)</u>	<u>-22%</u>	<u>\$ 476</u>
Operating expenses:					
General and administrative	\$ 450	\$ 377	\$ 73	19%	\$ 389
Loan loss expense, net recoveries	91	1,441	(1,350)	-94%	38
Total expenses	<u>541</u>	<u>1,818</u>	<u>(1,277)</u>	<u>-70%</u>	<u>427</u>
Operating income (loss)	(153)	(1,318)	1,165	-88%	49
Nonoperating revenue					
Interest income	15	38	(23)	-61%	28
Grant contributions	111	-	111	100%	-
Change in net position	<u>\$ (27)</u>	<u>\$ (1,280)</u>	<u>\$ 1,253</u>	<u>-98%</u>	<u>\$ 77</u>

3. Revenue Analysis:

Interest from Loans – Interest on loans is collected from borrowers in accordance with the terms of each promissory note. RDC loans bear interest at rates ranging from 1% to 6.5%, in accordance with the Loan Administration Plan provisions in effect at the time the loan is approved. Interest income from loans decreased \$116,000, or 24%, from 2019 to 2020 as a result of fewer outstanding loans and the COVID-19 pandemic. Many borrowers had a period of interest deferral during 2020. Interest increased from \$450,000 in 2018 to \$491,000 in 2019 due to a greater number of loans outstanding in 2019 couples with higher interest rates.

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

4. Expense Analysis:

General and Administrative – In 2020, general and administrative expenses increased \$73,000 from \$377,000 to \$450,000. The increase in general and administrative expenses is attributable mainly to legal expenses. Legal expenses increased \$77,000 due to higher costs associated with four delinquent loans. The four delinquent loans were written off at December 31, 2020.

Loan Loss Expense, net Recoveries – Loan loss expense, net recoveries consists of the dollar amount of loan loss expense in a year, plus any loan recoveries during that same year of previously written off loans. In 2020, loan loss expense was \$112,000, net of \$21,000 of loan recoveries. This was a decrease from 2019, when loan loss expense was \$1,446,000, net of \$5,000 of loan recoveries. There were four loans fully reserved at December 31, 2019, which were then written off in 2020.

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

5. Budget Analysis:

RDC prepares an annual budget which was presented and approved by the Board of Directors on October 23, 2019. The following table (Table 3) presents an analysis of RDC's performance compared to the approved 2020 budget.

Table 3
Budget to Actual Analysis for the year ended December 31, 2020
(Amounts in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating revenue:				
Interest from loans	\$ 375	\$ 470	\$ (95)	-20%
Loan commitment fees	13	10	3	30%
Total revenue	388	480	(92)	-19%
Operating expenses:				
General and administrative	450	400	50	13%
Loan loss expense, net recoveries	91	185	(94)	-51%
Total expenses	541	585	(44)	-8%
Operating income (loss)	(153)	(105)	(48)	46%
Interest income	15	17	(2)	-12%
Grant contributions	111	-	111	100%
Change in net position	\$ (27)	\$ (88)	\$ 61	-69%

Budget to Actual Analysis:

Overall, RDC exceeded its budgeted decrease in net position for 2020 by \$61,000. Total operating revenue was \$92,000, or 19%, below the budgeted amount due to lower interest income from loans in 2020. This is a direct result of interest deferrals granted in response to the COVID-19 pandemic. Total expenses were \$44,000, or 8%, below budget. The 2020 grant contributions were not part of the 2020 approved budget, as there was no knowledge of a new RLF at the time the budget was approved.

6. Economic Factors Impacting RDC:

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

7. Requests for Information:

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

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FINANCIAL SECTION

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

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash	\$ 6,542,915	\$ 7,650,215
Accounts receivable	11,015	-
Loans receivable	1,078,654	1,441,199
Total current assets	<u>7,632,584</u>	<u>9,091,414</u>
Noncurrent assets:		
Loans receivable, net	9,679,043	8,278,392
Total assets	<u>\$ 17,311,627</u>	<u>\$ 17,369,806</u>
LIABILITIES		
Accounts payable	\$ 2,659	\$ 23,723
Due to affiliate	293,638	303,021
Total liabilities	<u>296,297</u>	<u>326,744</u>
NET POSITION		
Restricted	17,015,330	17,043,062
Total net position	<u>17,015,330</u>	<u>17,043,062</u>
Total liabilities and net position	<u>\$ 17,311,627</u>	<u>\$ 17,369,806</u>

See accompanying notes.

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

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Interest from loans	\$ 374,671	\$ 490,376
Loan commitment fees	13,000	9,190
Total operating revenues	<u>387,671</u>	<u>499,566</u>
OPERATING EXPENSES		
General and administrative	450,214	376,636
Loan loss expense, net recoveries	91,217	1,440,676
Total operating expenses	<u>541,431</u>	<u>1,817,312</u>
Operating loss	(153,760)	(1,317,746)
NONOPERATING REVENUES		
Interest income	15,019	38,110
Grant contributions	111,015	-
Total nonoperating revenues	<u>126,028</u>	<u>38,110</u>
Change in net position	(27,732)	(1,279,636)
Net position - beginning of year	<u>17,043,062</u>	<u>18,322,698</u>
Net position - end of year	<u>\$ 17,015,330</u>	<u>\$ 17,043,062</u>

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See accompanying notes.

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

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments collected on loans receivable	\$ 2,530,186	\$ 4,890,136
Loan interest and fees	387,671	499,566
Loans awarded	(3,680,070)	(3,342,600)
Payments to vendors and affiliates	(480,661)	(403,734)
Loan loss recoveries	20,561	5,477
Net cash provided (used) by operating activities	<u>(1,222,313)</u>	<u>1,648,845</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	15,013	38,110
Net cash provided by investing activities	<u>15,013</u>	<u>38,110</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
CARES Act subgrant	100,000	-
Net cash provided by financing activities	<u>100,000</u>	<u>-</u>
Net increase (decrease) in cash	(1,107,300)	1,686,955
Cash - beginning of year	7,650,215	5,963,260
Cash - end of year	<u>\$ 6,542,915</u>	<u>\$ 7,650,215</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$ (153,760)	\$ (1,317,746)
Adjustment to reconcile operating loss to net cash provided (used) by operating activities:		
Provision for loan loss	111,778	1,446,153
(Increase) decrease in loans receivable	(1,149,884)	1,547,536
Increase (decrease) in accounts payable	(21,064)	23,408
Increase (decrease) in due to affiliate	<u>(9,383)</u>	<u>(50,506)</u>
Net cash provided (used) by operating activities	<u>\$ (1,222,313)</u>	<u>\$ 1,648,845</u>

See accompanying notes.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Buffalo and Erie County Regional Development Corporation (RDC) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The RDC's significant accounting policies are described below.

A. REPORTING ENTITY

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

RDC has related party relationships with the Erie County Industrial Development Agency (ECIDA) and Buffalo and Erie County Industrial Land Development Corporation (ILDC). All three entities are managed by the same personnel and the RDC currently shares a common board with ECIDA. These entities share the same mission, which is to provide the resources that encourage investment innovation, and international trade creating a successful business climate that improves the quality of life for the residents of the region.

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

B. BASIS OF PRESENTATION

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

RDC is considered a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The financial statements of the RDC are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the cash transaction takes place.

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

D. INCOME TAXES

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

E. LOANS RECEIVABLE

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

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

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

Interest on loans receivable is accrued as required by the terms of the agreement. Management considers that collection is probable based on the current economic condition of the borrower. Accrual of interest ceases when management adjusts a loan reserve to 50% or more of the loan's outstanding balance. RDC is not accruing interest on any loans as of December 31, 2020 or 2019.

F. INSURANCE

RDC is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks has not yet exceeded commercial insurance coverage.

G. STOCK WARRANTS

In connection with certain loans, RDC has received, at no cost, stock purchase warrants from the borrowers. The borrower is sometimes given the right to repurchase these warrants from RDC at a predetermined price. RDC also receives rights to convert certain loans to equity of the borrower.

H. NET POSITION

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

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

I. STATEMENTS OF CASH FLOWS

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

J. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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

K. ACCOUNTING PRONOUNCEMENTS

On May 8, 2020, the GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* in response to the COVID-19 pandemic. The effective dates of GASB Statements not yet implemented by the RDC have been updated below to reflect the impact of this Statement. There were no new GASB Statements implemented by the RDC for the year ended December 31, 2020.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the RDC, for their potential impact in future years.

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2022.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2021.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2022.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2022.

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending December 31, 2021, except for paragraph 11b, which will be effective for the year ending December 31, 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending December 31, 2022.

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. ASSETS

1. CASH AND INVESTMENTS

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

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

As of December 31, 2020 and 2019, the RDC's aggregate bank deposits were considered fully collateralized.

Investment and Deposit Policy

RDC follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Chief Financial Officer of the Buffalo and Erie County Regional Development Corporation.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. RDC's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

RDC's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. RDC's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with RDC's investment and deposit policy, all deposits of RDC including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. RDC restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

2. LOANS RECEIVABLE

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

In August of 2020, the ECIDA entered into a financial assistance award agreement with the U.S. Economic Development Administration (EDA) amounting to \$5,000,000 to fund a new revolving loan fund to help the region due to the COVID-19 pandemic. RDC is a subrecipient of this grant award and will administer the revolving loan fund. As of December 31, 2020, \$100,000 was received and issued as loans.

RDC provides low-interest loans to businesses located in Erie County in order to encourage economic development. Loans receivable consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Total loans receivable	\$ 10,939,109	\$ 11,615,554
Less: provision for loan loss	<u>181,412</u>	<u>1,895,963</u>
Loans receivable, net	10,757,697	9,719,591
Less: current portion	<u>1,078,654</u>	<u>1,441,199</u>
Loans receivable - long-term	<u>\$ 9,679,043</u>	<u>\$ 8,278,392</u>

The RDC's policy is to present loans receivable net of a provision for loan loss. At December 31, 2020 and 2019, the allowance for uncollectible loans was \$181,412 and \$1,895,963, respectively.

At December 31, 2020, the loans awarded to local businesses bear interest at rates ranging from 1% to 6.5% with varying payment terms. All loans are classified as commercial.

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,028,349	\$ 361,613
2022	1,052,583	319,934
2023	1,065,735	269,673
2024	847,387	225,994
2025	776,322	190,864
Thereafter	<u>5,837,807</u>	<u>259,893</u>
Total	\$ <u>10,608,183</u>	\$ <u>1,627,974</u>

This schedule does not include the variable interest rate loans that are administered by various financial institutions. The total outstanding balance of those loans is \$149,514 at December 31, 2020 with a current portion in the amount of \$50,305.

B. EXPENSES

ECIDA allocates a portion of its personnel and overhead costs to the RDC based on a cost allocation plan. Costs allocated by ECIDA amounted to \$292,106 and \$302,332 for the years ended December 31, 2020 and 2019, respectively. Amounts owed to ECIDA at December 31, 2020 and 2019 totaled \$293,638 and \$303,021, respectively.

NOTE 3. CONTINGENCIES

Economic Development Administration Revolving Loan Fund Risk Analysis System

RDC is required to comply with EDA regulations regarding the utilization of revolving loan funds. These regulations are based on measures applied by the EDA's risk analysis system. This RDC received a risk rating of Level B based on information submitted to the EDA for the year ending December 31, 2019. This risk analysis will be updated on an annual basis determined by reports submitted by the RDC to the EDA within 90 days following the RDC year end.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. Management has discussed the RDC's operations and the impact of this event. They have determined that the RDC's loan portfolio could be impacted but they believe the allowance for loan loss is sufficient to cover any potential loan losses. RDC will work with borrowers under the guidance of EDA and the RDC's Loan Administration Plan on a case by case basis.

NOTE 4. SUBSEQUENT EVENT

Management has evaluated subsequent events through XXXX, 2021, which is the date the financial statements are available for issuance and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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SUPPLEMENTARY INFORMATION

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
 COMBINING STATEMENT OF NET POSITION
 DECEMBER 31, 2020**

	<u>EDA Account</u>	<u>CARES Act Account</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash	\$ 6,542,685	\$ 230	\$ 6,542,915
Accounts receivable	-	11,015	11,015
Due from other funds	-	803	803
Loans receivable	1,078,654	-	1,078,654
Total current assets	<u>7,621,339</u>	<u>12,048</u>	<u>7,633,387</u>
Noncurrent assets:			
Loans receivable, net	<u>9,579,043</u>	<u>100,000</u>	<u>9,679,043</u>
Total assets	<u>\$ 17,200,382</u>	<u>\$ 112,048</u>	<u>\$ 17,312,430</u>
LIABILITIES			
Accounts payable	\$ 2,659	\$ -	\$ 2,659
Due to other funds	803	-	803
Due to affiliate	<u>281,590</u>	<u>12,048</u>	<u>293,638</u>
Total liabilities	<u>285,052</u>	<u>12,048</u>	<u>297,100</u>
NET POSITION			
Restricted	<u>16,915,330</u>	<u>100,000</u>	<u>17,015,330</u>
Total net position	<u>16,915,330</u>	<u>100,000</u>	<u>17,015,330</u>
Total liabilities and net position	<u>\$ 17,200,382</u>	<u>\$ 112,048</u>	<u>\$ 17,312,430</u>

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**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>EDA Account</u>	<u>CARES Act Account</u>	<u>Total</u>
OPERATING REVENUES			
Interest from loans	\$ 374,671	\$ -	\$ 374,671
Loan commitment fees	13,000	-	13,000
Total operating revenues	<u>387,671</u>	<u>-</u>	<u>387,671</u>
OPERATING EXPENSES			
General and administrative	439,199	11,015	450,214
Loan loss expense, net recoveries	91,217	-	91,217
Total operating expenses	<u>530,416</u>	<u>11,015</u>	<u>541,431</u>
Operating loss	(142,745)	(11,015)	(153,760)
NONOPERATING REVENUES			
Interest income	15,013	-	15,013
Grant contributions	-	111,015	111,015
Total nonoperating revenues	<u>15,013</u>	<u>111,015</u>	<u>126,028</u>
Change in net position	(127,732)	100,000	(27,732)
Net position - beginning of year	17,043,062	-	17,043,062
Net position - end of year	<u>\$ 16,915,330</u>	<u>\$ 100,000</u>	<u>\$ 17,015,330</u>

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**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
U.S. Department of Commerce				
<i>Passed through Erie County Industrial Development Agency</i>				
Economic Adjustment Assistance	11.307	Various	\$ -	\$ 14,735,491
COVID 19 - Economic Adjustment Assistance-CARES Act	11.307	01-79-15022	-	111,015
<i>Total Economic Development Cluster</i>			-	14,846,506
<i>Total U.S. Department of Commerce</i>			-	14,846,506
Total Expenditures of Federal Awards			\$ -	\$ 14,846,506

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See notes to Schedule of Expenditures of Federal Awards.

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Buffalo and Erie County Regional Development Corporation (RDC), under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Federal awards passed through from other governmental agencies are included in the schedule. Because the Schedule presents only a selected portion of the operations of the RDC, it is not intended and does not present the financial position, changes in net position, or cash flows of the RDC.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM

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

Economic Adjustment Assistance

EDA grants	\$ 12,466,574
Total revolving loan funds	16,622,098
Total EDA share	<u>75%</u>
Cash	\$ 6,542,685
Outstanding loans receivable, 12/31/2020	10,839,109
Administrative cost allowance	439,199
Loan write-offs	1,826,327
Sum of EDA dollars/Total project costs	<u>19,647,320</u>
Total EDA share (noted above)	75%
Total economic adjustment assistance	<u>\$ 14,735,491</u>

**(Continued)BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 4 - ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM – CARES ACT

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

Economic Adjustment Assistance - CARES Act

Outstanding loans receivable, 12/31/2020	\$ 100,000
Administrative cost allowance	11,015
Loan write-offs	-
Sum of EDA dollars/Total project costs	<u>111,015</u>
Total EDA share	<u>100% *</u>
Total economic adjustment assistance	<u>\$ 111,015</u>

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

NOTE 5- INDIRECT COST RATE

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

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INTERNAL CONTROL AND COMPLIANCE

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Yes X No
 Yes X None Reported

Noncompliance material to financial statements noted?

Yes X No

Federal Awards

Internal control over major federal programs:

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

 Yes X No
 Yes X None Reported

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

Unmodified

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

 Yes X No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program

11.307

Economic Adjustment Assistance

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

\$ 750,000

Auditee qualified as low-risk auditee?

X Yes No

II. FINDINGS - FINANCIAL STATEMENT AUDIT

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

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

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

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

I. FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit noted for the year ended December 31, 2019.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

There were no findings or questioned costs related to federal awards noted for the year ended December 31, 2019.

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REPORT TO THE BOARD OF DIRECTORS

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
BUFFALO AND ERIE COUNTY INDUSTRIAL LAND
DEVELOPMENT CORPORATION
BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT
CORPORATION**

DECEMBER 31, 2020

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To the Members of the Board of Directors
Erie County Industrial Development Agency
Buffalo and Erie County Industrial Land Development Corporation
Buffalo and Erie County Regional Development Corporation
95 Perry Street, Suite 403
Buffalo, New York 14203

Members of the Board:

We are pleased to present this report related to our audit of the financial statements of Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County Industrial Land Development Corporation (ILDC), and Buffalo and Erie County Regional Development Corporation (RDC), as of and for the year ended December 31, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for ECIDA/ILDC/RDC's financial reporting process.

This report is intended solely for the information and use of ECIDA/ILDC/RDC and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to be of service to ECIDA/ILDC/RDC.

Very truly yours,

Freed Maxick CPAs, P.C.

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<i>Exhibit A</i> – Significant Written Communication Between Management and our Firm Representation Letter	8

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditors Communications with Those Charge with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated January 11, 2021. Our audits of the financial statements do not relieve management or those charged with governance of their responsibilities which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audits and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	Preferability of Accounting Policies and Practices Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.
	Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by ECIDA/ILDC/RDC. In the current year, ECIDA/ILDC/RDC implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 95, <i>Postponement of Effective Dates of Certain Authoritative Guidance</i> .
	Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
	Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates."
Basis of Accounting	The financial statements were prepared on assumption that the entities will continue as a going concern.

Required Communications (Continued)

Area	Comments
Audit Adjustments	Audit adjustments proposed by us and recorded by the RDC are shown on the attached "Summary of Recorded Audit Adjustments."
Uncorrected Misstatement	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Significant Written Communication Between Management and Our Firm	A copy of the representation letter provided to us by management is attached as Exhibit A.

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**Erie County Industrial Development Agency
 Buffalo and Erie County Industrial Land Development Corporation
 Buffalo and Erie County Regional Development Corporation
 Summary of Significant Accounting Estimates
 Year Ended December 31, 2020**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the ECIDA/ILDC/RDC's December 31, 2020, financial statements:

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Depreciation of Property, Plant & Equipment (ECIDA & ILDC)	Management depreciates property, plant and equipment over the estimated lives of the assets.	Useful lives were assigned based on ECIDA/ILDC's useful life policy. Management was consistent in calculating depreciation based on the useful lives assigned to each asset.	The methods and lives used to estimate depreciation expense appears reasonable.
Allowance for Uncollectible Accounts	Management estimates collectability of receivables based on knowledge of past history.	Management reviews prior year write-off information and loan payment histories and uses this to estimate the allowance needed in the current year for the ECIDA/ILDC/RDC.	Management's process to estimate the allowance for uncollectible accounts appears reasonable.
Investments (ECIDA)	Investments are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ECIDA recognizes investments in accordance with GASB Statement No. 72, "Fair Value Measurements" as it defines the fair value and establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels of Level 1, 2 or 3.	Management has described the valuation techniques used for valuing investments at fair value in the financial statements ECIDA Note 7. Additionally, management has broken out the investments into Level 1, 2 or 3 based upon the valuation hierarchy.	Management's process to evaluate fair value and establish the fair value hierarchy of investments appears reasonable.

**Buffalo and Erie County Regional Development Corporation
 Summary of Recorded Audit Adjustments
 Year Ended December 31, 2020**

Number	Account Name	Debit	Credit
AJE #1	1400.3 GF01 Accounts receivable - CARES Act	11,015	
AJE #1	5850.4 GF01 Grant Income - CARES Act		(11,015)
To record the administrative cost receivables for the CARE Act as of 12/31/2020			
		11,015	(11,015)

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Recently Issued Accounting Standards

The GASB has issued several statements not yet implemented by the ECIDA/ILDC/RDC. The ECIDA/ILDC/RDC's management has not yet determined the effect these Statements will have on the ECIDA/ILDC/RDC's financial statements. However, the ECIDA/ILDC/RDC plans to implement all standards by the required dates. The Statements which might impact the ECIDA/ILDC/RDC are as follows:

Summary of GASB Statement No. 87, *Leases*

This Statement issued in June 2017 will be effective for ECIDA/ILDC/RDC with its fiscal year ending December 31, 2022. This Statement better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

Summary of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*

This Statement issued in June 2018 will be effective for ECIDA/ILDC/RDC beginning with its fiscal year ending December 31, 2022. The primary objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of GASB Statement No. 89 are effective for financial periods beginning after December 15, 2021. Earlier application is encouraged.

Recently Issued Accounting Standards (Continued)

Summary of GASB Statement No. 91, *Conduit Debt Obligations*

This Statement issued in May 2019 will be effective for ECIDA/ILDC/RDC beginning with its fiscal year ending December 31, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of GASB Statement No. 91 are effective for financial periods beginning after December 15, 2020. Earlier application is encouraged.

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XXXXXXX, 2021

The Finance & Audit Committees, Boards of Directors, and Management
Erie County Industrial Development Agency
Buffalo and Erie County Regional Development Corporation
Buffalo and Erie County Industrial Land Development Corporation

In planning and performing our audits of the financial statements of Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County Regional Development Corporation, and Buffalo and Erie County Industrial Land Development Corporation (collectively, ECIDA/ILDC/RDC), business-type activities, as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the separate financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control.

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

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

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

Freed Maxick CPAs, P.C.

**EXHIBIT A – SIGNIFICANT WRITTEN COMMUNICATION
BETWEEN MANAGEMENT AND OUR FIRM**

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Buffalo & Erie County Regional Development Corp.

Investment Report

For the year ended December 31, 2020

Buffalo & Erie County Regional Development Corporation

2020 Annual Investment Report

Purpose of Report:

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

The attached schedule details the corporation's investment income and related fees for the year ended December 31, 2020 and were approved by the RDC Board of Directors on March 24, 2021.

Investment Guidelines:

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

The Investment Guidelines were approved by the RDC Board of Directors on March 24, 2021 and are posted on the ECIDA website at <http://www.ecidany.com/about-us-corporate-policies>. The Investment Guidelines are consistent with the prior Guidelines adopted on March 25, 2020.

Investment Audit:

RDC's auditors have audited the corporation's compliance with the Investment Guidelines for Public Authorities. In their report dated March XX, 2021 Freed Maxick CPAs have indicated that RDC complied, in all material respects, with these Investment Guidelines.

Buffalo & Erie County Regional Development Corporation (RDC)

Annual Investment Report

For the year ended December 31, 2020

Account Type	Financial Institution	G/L Balance		Interest Rate ^a Dec 2020	2020		Restricted	Purpose
		1/1/2020	12/31/2020		Investment Income	Fees		
1 Checking	M&T Bank	1,086,466	593,743	0.03%	173	-	√	EDA Loan Fund Checking/investment account
2 Savings	M&T Bank	6,563,749	5,948,942	0.10%	14,981	-	√	EDA Loan Fund Savings/investment account
3 Checking	M&T Bank	-	230	0.00%	-	-	√	EDA CARES Act Loan Fund Checking account ^b
		<u>\$ 7,650,215</u>	<u>\$ 6,542,914</u>		<u>\$ 15,154</u>	<u>\$ -</u>		

Notes:

^a The Interest Rate is the annualized rate for the month of December 2020 and is prior to the deduction of any fees.

^b New account opened in 2020



To: ECIDA, RDC & ILDC Board of Directors
From: Brenda McDuffie, Governance Committee Chair
Date: March 24, 2021
Re: Governance Committee Report

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

The ECIDA/RDC/ILDC Governance Committee met on March 17, 2021. Committee members present were: Brenda McDuffie, Chair, Howard Johnson, Brian Kulpa, Ken Schoetz, David State, and Maria Whyte. The following items were reviewed:

1) 2020 PAAA Annual Report

The Governance Committee reviewed the ECIDA/RDC/ILDC 2020 PAAA Annual Report. No changes were recommended. The PAAA Annual Report will be reviewed by the full Boards during the March 24, 2021 Board meetings.

2) 2020 Board of Directors’ Self-Evaluation

The Governance Committee reviewed the summary sheets for the ECIDA, RDC, and ILDC Board self-evaluations and discussed the importance of open dialogue. They did not note any major issues. The Governance Committee Chair will forward the summary sheets to the Authorities Budget Office (ABO) as required.

3) 2020 Governance Committee Self-Evaluation

The Governance Committee reviewed the 2020 Governance Committee Self-Evaluation. The evaluation documented the activities of the Governance Committee during 2020.

4) Annual Re-Adoption of Policies, Charters & Guidelines

The Governance Committee reviewed the following policies of the ECIDA/RDC/ILDC:

- Whistleblower Policy
- Governance Committee Charter
- Property Disposition Guidelines
- Real Property Acquisition Policy
- Defense & Indemnification Policy
- Board Member Compensation, Reimbursement & Attendance Policy
- Travel, Conferences, Meals & Entertainment Policy
- Statement of the Duties & Responsibilities of the Board of the Directors
- Statement of the Competencies & Personal Attributes Required of Board Members
- Code of Ethics & Conflict of Interest Policy

The Agency’s CFO informed the Committee that ECIDA General Counsel Harris Beach reviewed the above referenced policies and did not recommend any changes. The ABO did not publish any new recommended guidance for any of these policies. No changes were recommended by the Committee. The Boards will review these policies during the March 24, 2021 Board meetings.



5) Adoption of Policies, Charters & Guidelines

ECIDA staff and General Counsel Harris Beach recommended revision/adoption of the following policies:

- Procurement Policy
- Sexual Harassment Policy
- ECIDA Employee Compensation Policy

The Procurement Policy is expanded to include more specific language regarding Minority & Women Business Enterprise procurements of goods and services and considerations when requests for proposals are solicited. Metrics will be set annually as part of the Agency's goals and performance measures. The Sexual Harassment Policy has been in place at the Agency for a number of years and is being brought to the Board to formalize Policy with Board approval. The policy meets all requirements under Federal and New York State guidelines. The ECIDA Employee Compensation Policy has a modification as a result of the Compensation Committee meeting in October 2020. A sentence was added noting "Employee compensation is subject to the overall profitability and economic stability of the ECIDA." The Committee supported the changes to the Procurement Policy and ECIDA Employee Compensation Policy and formal adoption of the Sexual Harassment Policy. The policies will be reviewed by the Boards during the March 24, 2021 Board meetings.

6) PARIS Report Update

The Governance Committee received an update on the status of the ABO's reporting requirements through the Public Authorities Reporting Information System (PARIS). The Agency is on track to complete the ECIDA, RDC, and ILDC PARIS reports on or before the March 31, 2021 deadline.

7) Board Member PAAA Training Update

The Governance Committee received an update on the status of the required ABO board member training. One board member received training during 2020. There was also a period of time whereby no training sessions were held as a result of the Covid-19 pandemic. The Agency's Compliance Officer regularly forwards the training schedule to board members who have not had the required training and to those who have not had training within the last three years.

8) Results of 2020 Performance Measures

The Governance Committee reviewed the results of the ECIDA/RDC/ILDC's 2020 Performance Measures. They did not recommend any changes. The results of the 2020 Performance Measures will be reviewed by the Boards during the March 24, 2021 Board meetings.

9) Mission Statement and 2021 Performance Measures

The Governance Committee met on January 28, 2021 and February 9, 2021 to discuss the ECIDA/RDC/ILDC Mission Statement and 2021 Performance Measures. During these meetings the Committee revised several metrics, added a goal and metrics related to the Covid-19 Pandemic Response, and incorporated metrics related to minority & women business enterprises (MWBES). The Committee reviewed the most current draft that incorporated changes made as a result of previous meetings, and did not recommend any additional changes. The 2021 Mission Statement & Performance Measures will be reviewed by the Boards during the March 24, 2021 Board meetings.

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

2020 Governance Committee Self-Evaluation

Responsibilities of the Governance Committee:

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

Governance Committee Self-Evaluation	Yes	No	Pen ding	Comments
1. Are the members of the Governance Committee appointed in accordance with the Bylaws and are individuals appointed to the Governance Committee knowledgeable, or have expressed a willingness to become knowledgeable, in matters pertaining to governance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Is each member of the Governance Committee an “independent member” within the meaning of, and to the extent required by, Section 2825 of the New York Public Authorities Law, as amended from time to time? Did Governance Committee members, who are members of the Agency, comply with the conflict of interest provisions applicable to public officers under Article 18 of the New York General Municipal Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Did the Governance Committee meet a minimum of once (1) each calendar year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Governance Committee met on 2/10/20 and 3/10/20.
4. Were meeting notices and agendas prepared for each meeting and provided to Governance Committee members by electronic or regular mail at least five (5) days in advance of the scheduled meeting? Were minutes of all meetings recorded by the Secretary or any Assistant Secretary of the Agency? Did all meetings comply with the requirements of the Open Meetings Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Governance Committee Self-Evaluation	Yes	No	Pending	Comments
5. Did the Governance Committee develop the Agency's governance practices, which should address transparency, independence, accountability, fiduciary responsibilities and management oversight?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	See Questions #6-#9 below.
6. Did the Governance Committee develop a statement of the competencies and personal attributes required of Board members to assist those authorized to appoint members to the Board in identifying qualified individuals (it being acknowledged that membership in the Agency is determined pursuant to Section 891-a of the General Municipal Law)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A Statement of the Competencies and Personal Attributes is posted on the ECIDA website. It was approved by the ECIDA Board of Directors on 2/16/10. Revisions to this document were not necessary in 2020.
7. Did the Governance Committee develop and recommend to the Board any revisions to the number and/or structure of Board committees?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No additional committees were recommended by the Governance Committee in 2020.
8. Did the Governance Committee develop and provide recommendations to the Board regarding Board member education, including new member orientation and regularly scheduled Board member training to be obtained from state-approved trainers as required under Section 2824(2) of the New York Public Authorities Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>New Board members attend an orientation session hosted by ECIDA staff and are provided with a New Member Orientation Manual.</p> <p>As of 12/31/20, 17 of 19 ECIDA/RDC Board members and 5 of 7 ILDC Board members have received the PAAA required training. All Board members who have not received the training received notifications throughout the year regarding PAAA training session dates.</p>
9. Did the Governance Committee develop, review and recommend to the Board the adoption and/or revisions to the following: (i) the Agency's Code of Ethics. (ii) written policies regarding conflicts of interest.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Governance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>(iii) written policies regarding the protection of whistleblowers from retaliation.</p> <p>(iv) equal opportunity and affirmative action policies.</p> <p>(v) written policies regarding procurement of goods and services, including policies relating to the disclosure of persons who attempt to influence the Agency's procurement process.</p> <p>(vi) written policies regarding the disposition of real and personal property and the acquisition of property.</p> <p>(vii) committee charters, including this Charter.</p> <p>(viii) any other policies or documents relating to the governance of the Agency, including rules and procedures for conducting the business of the Agency's Board, including the Agency's Bylaws. The Governance Committee will oversee the implementation and effectiveness of the Bylaws and other governance documents and recommend modifications to the Board as necessary or appropriate.</p>				<p>Items i) & ii) are included in the ECIDA Code of Ethics and Conflict of Interest Policy. The Governance Committee reviewed the Code of Ethics and Conflict of Interest Policy, as amended during its 3/10/20 Committee meeting. The Code was adopted by the full Board during its 3/25/20 Board meeting.</p> <p>(iii) In 2012, the Governance Committee approved a formal Whistleblower Policy. The Committee did not recommend any changes. The Policy was re-adopted by the full Board during its meeting on 3/25/20.</p> <p>iv) The ECIDA's EEO policy is included in the Personnel Handbook and the Procurement Policy.</p> <p>v) The ECIDA Procurement Policy was re-adopted by the full Board during its 3/25/20 Board meeting.</p> <p>vi) The ECIDA Property Disposition Guidelines were reviewed by the Governance Committee on 3/10/20. It was re-adopted by the full Board during its 3/25/20 Board meeting.</p> <p>vii) The ECIDA Governance Committee Charter was reviewed by the Governance Committee on 3/10/20. It was re-adopted by the full Board during its 3/25/20 Board meeting.</p> <p>viii) The Governance Committee did not approve any additional policies in 2020.</p>

Governance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>10. Did the Governance Committee:</p> <p>(i) report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Governance Committee and when otherwise requested by the Board.</p> <p>(ii) report to the Board, at least annually, regarding any proposed changes to this Charter.</p> <p>(iii) provide a self-evaluation of the Governance Committee's functions to the Board on an annual basis.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>i) & ii) As stated above, all policies/ guidelines referenced above were adopted or re-adopted by the Board on 3/25/20.</p> <p>iii) On 3/10/20, the Committee performed a Self-Evaluation for the calendar year 2019 and provided a status report to the Board on 3/25/20.</p>

Governance Committee Self-Evaluation

Other Self-Evaluation Notes

- 1) In March 2020, the Governance Committee performed a 2019 Board Member Self-Evaluation for the ECIDA, RDC, and ILDC boards. The Committee discussed the results of these evaluations during the 3/25/20 board meeting.
- 2) In addition to the above referenced policies, the Governance Committee discussed the following items during its meeting on 3/10/20: (1) 2019 Performance Measures Report & Results; (2) 2020 Mission Statement & Performance Measures; (3) 2019 PAAA Annual Report; (4) Property Acquisition Policy; (5) Defense & Indemnification Policy; (6) Board Member Compensation; (7) Reimbursement & Attendance Policy; (8) ECIDA Compensation Policy; (9) Travel Conferences Meals & Entertainment Policy; and (10) Statement of the Duties & Responsibilities of the Board of Directors. The Committee did not recommend changes. The full Board approved these documents/policies during its 3/25/20 Board meeting.
- 3) The ECIDA's Compliance Officer provided an update on the status of the ECIDA's Public Authority Reporting Information System (PARIS) report to the Committee on 3/10/20.
- 4) During the Governance Committee meeting on 3/10/20, ECIDA's Compliance Officer reported that there were no violations of the Agency's Local Labor Policy in 2019.
- 5) During its 2/10/20 and 3/10/20 Governance Committee meetings, the Governance Committee, ECIDA staff and counsel discussed the results of ECIDA's 2019 Performance Measures.
- 6) During its 2/10/20 and 3/10/20 Governance Committee meetings, the Governance Committee, ECIDA staff and counsel discussed the results of ECIDA Mission Statement and 2020 Performance Measure.

2020 RDC Summary Results of Confidential Evaluation of Board Performance

Criteria	Agree #	Somewhat Agree #	Somewhat Disagree #	Disagree #
Board members have a shared understanding of the mission and purpose of the Authority.	9	2		
The policies, practices and decisions of the Board are always consistent with this mission.	10	1		
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	9	2		
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	10	1		
The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	10		1	
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence, pressure or self-interest.	9	1	1	
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	10	1		
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	10	1		
The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete.	11			
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	11			
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	10	1		
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	9	2		
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	9		2	
The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	11			
The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	11			
Board members demonstrate leadership and vision and work respectfully with each other.	11			

Name of Authority: **Buffalo & Erie County Regional Development Corp.;** Date Completed: **2/22/2021**



**Loan Status Report
February 24, 2021 – March 24, 2021**

<u>RDC Loans Approved Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
166 Chandler Holdings, LLC	Buffalo	\$ 250,000
166 Chandler Holdings, LLC	Buffalo	\$ 250,000
Allied Circuits	Buffalo	\$ 250,000
Amherst Pizza & Ale House	Amherst	\$ 250,000
Capello Salons, Inc	Williamsville	\$ 175,000
Radio One, LLC	Cheektowaga	\$ 250,000
Total – 5		<u>\$1,425,000</u>

<u>RDC Loans Closed Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
(None)		

<u>Loans in Closing Process</u>	<u>Municipality</u>	<u>Amount</u>
Bhavani Group	Cheektowaga	\$ 100,000
Buffalo Film Works	Buffalo	\$ 250,000
Frank Minisci, CPA	Williamsville	\$ 125,000
Law Firm of Jennifer Hurley	Buffalo	\$ 200,000
Trace Assets Protection Service	Buffalo	\$ 250,000
Total - 5		<u>\$ 925,000</u>

<u>Loans in the Pipeline</u>	<u>Municipality</u>	<u>Amount</u>
Total - 21	Various	<u>\$3,432,000</u>

<u>2021 - Loans Closed</u>	<u>YTD Loan Total</u>	<u>Jobs to be Created</u>	<u>Retained Jobs</u>	<u>Dollars Leveraged</u>
Erie County 60/40 Loans	\$140,000	4	4	0

Loan Portfolio Performance

Past Due Loans:

<u>Loan</u>	<u>Outstanding Balance</u>	<u>Amount Past Due</u>	<u>Days Past Due</u>	<u>Comments</u>
NONE				

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

\$0/\$10,490,311



Item 3.7

To: ECIDA & RDC Boards of Directors
From: Mollie Profic, CFO
Jerry Manhard, Chief Lending Officer
Re: Board Certification of Revolving Loan Fund Plan
Date: March 24, 2021

Between 1979 and 1983 the Erie County Industrial Development Agency (ECIDA) received a total of \$8.5 million in four U.S. Department of Commerce, Economic Development Administration (EDA) Title IX grants. \$7 million was used to establish the RDC Revolving Loan Fund (RLF). As part of the annual reporting to the EDA in connection with the operations of the RLF administered by the Buffalo & Erie County Regional Development Corporation (RDC), the ECIDA must certify that the RLF is being operated in accordance with the policies and procedures contained in the Loan Administration Plan (LAP), also referred to as the RLF Plan. The LAP is required to be updated and approved by EDA every five years. The RDC's LAP was most recently approved on October 1, 2018.

Many of the requirements of the LAP overlap with the Federal regulations under Title 2 of the U.S. *Code of Federal Regulations* Part 200 and are tested as part of the Single Audit performed annually. Management discussed the requirements of the LAP with Freed Maxick (independent auditors) and came up with a set of Agreed Upon Procedures (AUP) to be reviewed and tested in conjunction with the Single Audit. This approach was discussed with both the Loan Committee and Finance & Audit Committee and deemed appropriate from both an operational and cost perspective.

The testing performed as part of the Single Audit yielded an unmodified (clean) opinion and did not yield any audit findings. The testing performed under the AUP noted two loans tested that staff was unable to obtain updated documents, despite multiple attempts. RDC staff is continuing efforts to obtain personal tax returns and employment surveys from the borrowers. A copy of the Agreed Upon Procedures report issued by Freed Maxick is attached.

Action:

Approval of the attached resolution certifying that the Revolving Loan Fund is operating in accordance with the approved Loan Administration Plan.



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

The meeting of the Buffalo and Erie County Regional Development Corporation was convened on March 24, 2021 at 12:00 p.m.

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

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

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

WHEREAS, the RLF was originally established with grants from the EDA of \$7,000,000, the County of Erie Community Development Block Grant funds of \$2,316,000 and the City of Buffalo Community Development Block Grant funds of \$1,800,000, and has received no other further grant funding since it was started; and

WHEREAS, in October 2016, the County of Erie Community Development Block Grant funds of \$2,316,000 was removed from the RLF after a dispute between the U.S. Department of Housing and Urban Development ("HUD") and EDA related to the County of Erie sub-fund was settled; and

WHEREAS, through the efforts of the RDC, the RLF has grown to total net assets now in excess of \$17,000,000, which includes the EDA and the City of Buffalo grant funding as described above, principal repayments, and interest; and

WHEREAS, a review of the RLF portfolio is to be conducted annually to determine adherence to the terms and conditions of the original grant, compliance with EDA regulations, completeness of supporting loan files/documentation and conformity with miscellaneous operational procedures; and

WHEREAS, Agreed-Upon Procedures (AUP) were conducted on a sample of loans in the RLF portfolio by Freed Maxick, CPAs. P.C. in addition to the audit requirements of Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal*

Awards to ensure RDC's compliance with its Loan Administration Plan ("LAP") as set forth by the EDA; and

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

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

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

- (i) The AUP conducted in 2020 undertook a random sampling of RDC loans and it was noted that two loans tested did not have updated personal financial statements, resulting from the inability of RDC staff to obtain same despite multiple attempt to do so. RDC staff is continuing efforts to obtain certified personal financial statements from the borrowers; and
- (ii) An appeal over a disputed cost allocation (in the amount of \$352,000) resulting from an audit performed by the U.S. Department of Commerce Office of the Inspector General ("OIG") during late 2003 and early 2004 is yet to be resolved or formally acknowledged as being no longer an issue with the OIG and therefore remains an open item. Despite the fact that OIG and the EDA stated in October, 2006 that they were willing to reconsider the request to allow a portion of the administrative costs initially disallowed by the audit, no formal decision to the RDC's detailed reply from the EDA has been received and the appeal remains an unresolved item (without a reserve set-aside allocated) more than ten years later, awaiting direction from the OIG.
- (iii) The OIG has initiated an audit of EDA's controls and processes associated with the management of its Revolving Loan Fund program, with the objective of the audit to determine the adequacy of controls EDA has in place specifically for the areas of capital utilization, default rates, reporting and audit oversight. Although the RDC is not the only entity included in the EDA review on a national level, the results of this review are still unknown as to how (if at all) the RDC will be affected.
- (iv) Section 307.9 of the EDA Regulations requires that the LAP be updated every five (5) years. The last time the plan was updated was in October 2018.

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

Section 3. This resolution shall take effect immediately.

AGREED-UPON PROCEDURES

Buffalo and Erie County Regional Development Corporation

For the period of January 1, 2020 through December 31, 2020.

DRAFT

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the Buffalo and Erie County Regional Development Corporation (the "RDC"), on the loan monitoring procedures and documentation maintained by the RDC for the purpose of evaluating the monitoring procedures and records maintained in accordance with the Loan Administrative Plan (the "Plan") as set forth by the Economic Development Administration (the "EDA"), during the period of January 1, 2020 through December 31, 2020. RDC's management is responsible for loan monitoring procedures and records maintained in accordance with the Plan. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related findings are as follows:

Procedure 1

We have verified that RDC has monitored loans on an annual basis in accordance with section D.2. Loan Monitoring Procedures of the Plan for loans selected for testing for the period of January 1, 2020 through December 31, 2020.

Findings

There were two findings noted. Two instances of inadequate files maintained by the RDC for two active loan recipients. However, we noted that there have been attempts made by the RDC to contact the loan recipients to obtain the most recent files need.

Procedure 2

We have verified that the RDC has obtained the environmental reviews for all loans that are collateralized with commercial real estate in accordance with section B.3 Loan Processing Procedures of the Plan for loans selected for testing for the period of January 1, 2020 through December 31, 2020.

Findings

There were no findings noted.

Procedure 3

We have verified the RDC has obtained the Federal Regulations Acknowledgment form in accordance with Section B.1. Loan Processing Procedures of the Plan for the loans selected for testing for the period of January 1, 2020 through December 31, 2020.

Findings

There were no findings noted.

This agreed-upon-procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Board of Directors and the management of the RDC and is not intended and should not be used by anyone other than the specified parties.

Buffalo, New York
March 4, 2021

DRAFT