

Buffalo Urban Development Corporation

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Audit & Finance Committee Meeting
Thursday, March 19, 2026 - 9:00 a.m.
95 Perry Street
4th Floor Vista Room

- 1) Minutes of September 9, 2025 Meeting *(Approval) (Enclosure)*
- 2) Northland Beltline Corridor – 631 Northland Brownfield Tax Credits Investor *(Recommendation) (Enclosure)*
- 3) Draft 2025 BUDC Audited Financial Statements *(Recommendation) (Enclosure)*
- 4) Draft 2025 BBRF Audited Financial Statements *(Information) (Enclosure)*
- 5) Re-Adoption Items for Review – *(Recommendation) (Enclosure)*
 - a) Investment & Deposit Policy
 - b) Credit Card Policy
- 6) 2025 BUDC Investment Report *(Recommendation) (Enclosure)*
- 7) 2025 Corporate Credit Card Usage Report *(Information) (Enclosure)*
- 8) 2025 Management’s Assessment of Internal Controls *(Information) (Enclosure)*
- 9) 2025 Audit & Finance Committee Self-Evaluation *(Action) (Enclosure)*
- 10) Audit & Finance Committee Charter Review *(Information) (Enclosure)*
- 11) Audit & Finance Committee Training *(Information) (Enclosure)*
- 12) 2025 Property Report Review *(Information) (Enclosure)*
- 13) Adjournment

**Minutes of the Joint Meeting
of the
Audit & Finance and Real Estate Committees
of
Buffalo Urban Development Corporation**

**95 Perry Street
Buffalo, New York
September 9, 2025
12:00 p.m.**

Call to Order:

Committee Members Present:

Catherine Amdur (A&F)
Janique S. Curry (A&F, R.E.)
Elizabeth Holden (R.E.)
Thomas Kucharski (R.E.)
Nadine Marrero (R.E.)
Kimberly Minkel (R.E. Committee Chair)
David J. Nasca (A&F)
Dennis M. Penman (A&F Committee Chair,
R.E.)

Committee Members Absent:

Scott Bylewski (R.E.)

Officers Present:

Brandye Merriweather, President
Rebecca Gandour, Executive Vice President
Mollie M. Profic, Treasurer
Kevin J. Zanner, Secretary
Atiqa Abidi, Assistant Treasurer

Others Present: Joseph Akel, LeChase Construction Service; James Bernard, BUDC Project Manager; Dennis Cannon, Comvest; Keith Carretto, Comvest; Matt DiFrancesco, CBRE; Alexis M. Florczak, Hurwitz Fine P.C.; Soma Hawramee, ECIDA Compliance Manager; Brian Krygier, Director of IT, ECIDA; Chris Kulik, LeChase Construction Service; Angelo Rhodes II, Northland Project Manager; and Mike Rogalski, LaBella Associates.

Roll Call – The meeting was called to order at 12:09 p.m. The Secretary certified that a quorum of the Real Estate Committee was present. Ms. Curry joined the meeting during the presentation of item 3, at which time a quorum of the Audit & Finance Committee was determined to be present. Mr. Penman joined the meeting during the presentation of item 2 of the meeting agenda.

Ms. Minkel served as chair of the meeting with respect to items 1 through 5 of the meeting agenda. Mr. Penman served as chair of the meeting with respect to items 6 through 10 of the meeting agenda.

Real Estate Committee Items

- 1.0 Real Estate Committee Minutes of August 12, 2025 Meeting** – The minutes of the August 12, 2025 Real Estate Committee meeting were presented to the Real Estate Committee. Mr. Kucharski made a motion to approve the meeting minutes. The motion was seconded by Ms. Marrero and unanimously carried (4-0-0).
- 2.0 Northland Corridor – LeChase Construction Service, LLC Contract Amendment** – Ms. Gandour presented her September 9, 2025 memorandum regarding a proposed amendment to the LeChase Construction Service, LLC Phase 3 general construction contract. The Committee discussed the reallocation of ESD funding under the BUDC/ESD RECAP grant agreement to pay for the proposed change orders. It is anticipated that ESD will reallocate RECAP grant funding that was initially allocated to tenant improvements to the Phase 3 redevelopment project. Following the discussion, Ms. Marrero made a motion to recommend that the BUDC Board of Directors: (i) amend the existing agreement with LeChase Construction Service, LLC for the general construction of Phase 3 of Northland Corridor Redevelopment, for an amount not to exceed \$708,000, pending ESD approval of the reallocation of RECAP funds to pay for the Phase 3 Change Orders; and (ii) authorize the President or Executive Vice President to execute an amendment to the existing agreement with LeChase Construction Service, LLC and take such other actions as may be necessary or appropriate to implement this authorization. The motion was seconded by Mr. Kucharski and unanimously carried (5-0-0).
- 3.0 Northland Corridor – 741 and 777 Northland Avenue Demolition Design Services Contract** – Ms. Gandour presented her September 9, 2025 memorandum regarding the proposed award of a demolition design services contract for 741 and 777 Northland Avenue. BUDC issued a request for proposals for this work and received seven proposals. The proposals were reviewed by BUDC staff with feedback from the Mayor’s Office of Strategic Planning, the City of Buffalo Department of Permit and Inspection Services and Empire State Development. The recommendation is to enter into a contract with LiRo Engineers, Inc. Through its subcontracts, LiRo Engineers, Inc. is projecting to achieve 26.6% MBE participation and 6.7% WBE participation for the project. Following the presentation, Mr. Penman made a motion to recommend that the BUDC Board of Directors: (i) authorize BUDC to enter into a contract with LiRo Engineers Inc. for demolition design services for 777 and 741 Northland Avenue for an amount not to exceed \$116,008 and (ii) authorize the President or Executive Vice President to execute an agreement with LiRo Engineers Inc. and take such other actions as may be necessary or appropriate to implement this authorization. The motion was seconded by Ms. Holden and unanimously carried (5-0-0).
- 4.0 Northland Beltline Corridor**
- (a) Northland Corridor – Phase 3 Redevelopment Update** – Ms. Gandour presented an update regarding the Phase 3 Northland redevelopment project. BUDC continues to work with the City of Buffalo and LeChase Construction Service regarding the general construction permit for the project. A partial permit has been obtained, and Buffalo Sewer Authority approval is anticipated soon. The permit process has involved significant coordination with the City of Buffalo Department of Permit and Inspection Services, and Ms. Gandour thanked Ms. Amdur for her assistance. Mr. Akel commented that the timing for receiving the general construction permit has not changed the completion date for the Phase 3 project. Mr. Akel then presented the LeChase update, and he reviewed with the Committee a series of power point slides showing the progress on the project.
- (b) Northland Corridor – Phase 4 Redevelopment Update** – Ms. Gandour presented an update regarding the Phase 4 project. BUDC is working with its tax credits team and is reviewing two letters of intent from potential historic tax credits investors. The Brownfield Cleanup agreement has been executed and delivered to NYSDEC. BUDC also continues to work on finalizing construction bid documents for the project.

(c) **Northland Corridor– Brownfield Opportunity Area (BOA) Plan** – Ms. Gandour reported that the BOA Plan is still being reviewed by the New York State Department of State. Feedback is anticipated soon.

(d) **Northland Corridor – Tenant & Property Management Updates** – Mr. DiFrancesco presented an update regarding tenants and CBRE marketing efforts. CBRE is working on a lease renewal for the East Shed at 683 Northland Avenue, which is leased by the Northland Workforce Training Center for the Alfred State electrical program. CBRE is seeking market rate rent, and it is anticipated that the lease rate negotiation will be completed by October in order to be included in the BUDC budget. Mr. DiFrancesco noted that the lease for 714 Northland Avenue with Golden Bird LLC expires in September 2026 and that Golden Bird has until June 1, 2026 to exercise its option to extend the lease for an additional five years. He also reported that CBRE is receiving inquiries regarding the restaurant space at 683 Northland and the 541 E. Delavan Avenue property. Ms. Gandour added that tenant Flat 12 Mushrooms has moved into its space at 612 Northland. She also reported that BUDC is working with Lighthouse to negotiate the terms of a land sale agreement for the nine contiguous Northland-Fillmore-Winchester parcels.

Mr. Cannon presented an update regarding property management at Northland. Retech is looking to install industrial fans in its leased space. Comvest has asked Retech to provide pricing for this work prior to authorizing these improvements. Retech is also looking to expand the restroom space in the leased premises and will provide plans to Comvest for review and approval. Mr. Caretto and Ms. Profic then presented the quarterly financial overview for the Northland Corridor properties. There was discussion regarding the importance of achieving market rate rents for the properties.

5.0 **Buffalo Lakeside Commerce Park**

(a) **193, 80, 134, 158 and 200 Ship Canal Parkway Broker Update** – Mr. DiFrancesco reported that Mercy Hospital (through Newmark Ciminelli) is still exploring its needs for temporary parking but has indicated it is only open to leasing the 193 Ship Canal Parkway parcel and is not interested in purchasing the parcel.

(b) **Buffalo Lakeside Commerce Park Property Owners Association** – Ms. Gandour reported that all POA members are current on assessment payments. The City of Buffalo is reviewing proposed plans to bring disc golf to Ship Canal Commons.

Audit and Finance Committee Items

6.0 **Approval of Audit & Finance Committee Minutes of the July 10, 2025 Meeting** – The minutes of the July 10, 2025 meeting of the Audit & Finance Committee were presented to the Audit & Finance Committee. Mr. Nasca made a motion to approve the meeting minutes. The motion was seconded by Ms. Amdur and unanimously carried (4-0-0).

7.0 **683 Northland Tax Credits Unwind Update** – Ms. Profic presented an update regarding the 683 Northland tax credits unwind. Ms. Profic shared a revised tax credit structure, indicating which entities collapsed following the unwind and presented the simplified organizational structure moving forward. A call with the tax credits team will take place this afternoon to discuss necessary documentation to be prepared. The Committee then discussed the construction budget for the 631 Northland Avenue project and the entity structure for the tax credits component of the project.

- 8.0** **2026 BUDC Draft Budget** – Ms. Profic presented the 2026 draft budget. She began the presentation by noting that the budget for the 683 Northland entities is condensed into the BUDC budget due to the tax credit structure unwind. She then reviewed the proposed 2026 project budgets for Buffalo Lakeside Commerce Park, Downtown/Race for Place, Ralph Wilson Park, Northland Corridor, and general corporate operations. Ms. Profic also reviewed a separate budget sheet that breaks out the budgeted revenue, operating expenses, capital budget and cash flow adjustments for the Northland Corridor project. The overall draft budget projects a net income of approximately \$17,010,098. Ms. Profic noted that some figures in the proposed budget are expected to change as updated numbers are received. Another Committee meeting will be scheduled in October to review and recommend approval of the proposed budget.
- 9.0** **Executive Session** – None.
- 10.0** **Adjournment** – There being no further business to come before the Committees, the September 9, 2025 joint meeting of the Audit & Finance and Real Estate Committees was adjourned at 1:13 p.m.

Respectfully submitted,

Kevin J. Zanner
Secretary

Buffalo Urban Development Corporation

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Item 2

MEMORANDUM

TO: BUDC Audit & Finance Committee
FROM: Rebecca Gandour, Executive Vice President
SUBJECT: Northland Beltline Corridor – 631 Northland Brownfield Tax Credits Investor
DATE: March 19, 2026

On April 28, 2020, the BUDC Board of Directors approved a proposal from Cannon Heyman Weiss, Freed Maxick (now Withum) and RubinBrown for legal and accounting services for rehabilitation financing of 631 Northland (“Project”). Since then, the tax credits consulting team has prepared initial tax credit modeling and solicited proposals from possible brownfield tax credit investors. BUDC received a term sheet from one potential New York State brownfield tax credits investor, the Bernstein Companies (Bernstein).

A comparative review of the Bernstein term sheet versus a standard New York State refund application led BUDC’s staff and tax credits team to recommend syndication. By choosing to syndicate the brownfield tax credits, BUDC can: (i) mitigate bridge loan interest costs associated with the state’s slow and uncertain refund process; and (ii) mitigate the risk of a reduction in the amount of brownfield tax credits for the Project resulting from the state’s audit of the Project.

The Bernstein term sheet provides for the following:

- Estimated qualifying site preparation costs to generate approximately \$700,000 of New York credit (Remedial NY Credit);
- Estimated qualifying construction costs to generate approximately \$4,060,000 of New York credit (Tangible NY Credit);
- Upon Bernstein’s admission, it will invest \$10,000;
- Upon issuance by New York State Department of Environmental Conservation (NYSDEC) of a Certificate of Completion for the Project, Bernstein will invest an amount equal to 80% of the Remedial NY Credits, provided the Certificate is delivered no later than December 31, 2027;
- Upon issuance by the City of Buffalo of an occupancy permit for the Project, Bernstein will invest an amount equal to 80% of the Tangible NY Credits, provided delivery occurs no later than December 31, 2027;

Hon. Sean Ryan, Chairman of the Board • Dennis Penman, Vice Chairman • Brandye Merriweather, President • Rebecca Gandour, Executive Vice President • Mollie Profic, Treasurer • Atiqa Abidi, Assistant Treasurer • Kevin J. Zanner, Secretary

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- Bernstein will own 99.99% of 631 Northland LLC upon its admission. Following the issuance of the occupancy permit, Bernstein's interest in 631 Northland LLC will be reduced to 5%. Bernstein may then "put" its interest to the remaining members of 631 Northland LLC for purchase for \$1,000, and then exit the Project. If Bernstein fails to put its interest, the remaining members of 631 Northland LLC may "call" for such interest, which call option will be priced at fair market value;
- BUDC will serve as the project sponsor and guarantor.

ACTION:

We are requesting that the BUDC Audit & Finance Committee recommend that the Board of Directors authorize the following, on behalf of BUDC and on behalf of its affiliates, including 631 Northland LLC, which was formed for the purpose of facilitating the tax credit transaction:

1. Approve the Bernstein Companies Term Sheet for New York Brownfield Tax Credits.
2. Authorize the BUDC President or Executive Vice President to execute the Term Sheet and such other documents and agreements in connection therewith, and to take such actions as may be reasonably necessary or appropriate to facilitate the receipt by BUDC and/or its affiliated entities of Brownfield Tax Credits for the 631 Northland redevelopment project.

**Buffalo Urban Development Corporation
Financial Statements
December 31, 2025
With Independent Auditor's Report**

**DRAFT
Tentative and Preliminary
For Discussion and Internal
Purposes Only - Subject to Revision**

Buffalo Urban Development Corporation
Table of Contents
December 31, 2025

Independent Auditor's Report 1

Consolidated Statement of Net Position 4

Statement of Revenues, Expenses and Changes in Net Position 5

Statement of Cash Flows 6

Notes to Financial Statements 7

Consolidating Statement of Net Position 19

Consolidating Statement of Revenues, Expenses and Changes in Net Position 21

Schedule of Expenditures of Federal Awards 23

Notes to Schedule of Expenditures of Federal Awards 24

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of
 Financial Statements Performed in Accordance With Government Auditing Standards 25

Report on Compliance for Major Federal Program Report on Internal Control Over Compliance Required by the
 Uniform Guidance 26

Schedule of Findings and Questioned Costs 29

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Independent Auditor's Report

The Board of Directors of the of
Buffalo Urban Development Corporation:

Opinion

We have audited the financial statements of Buffalo Urban Development Corporation (BUDC) as of and for the year ending December 31, 2025, and the related notes to financial statements, which collectively comprise the BUDC basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BUDC as of December 31, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit are conducted for the purpose of forming opinions on the financial statements that collectively comprise the BUDC's basic financial statements. The consolidating statement of net position, consolidating statement of revenues, expenses and changes in net position, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating statement of net position and combining statement of revenues, expenses and changes in net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

WithumSmith+Brown PC
Buffalo, New York

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Buffalo Urban Development Corporation
Statement of Net Position
December 31, 2025

Assets

Current assets

Cash	\$ 11,073,565
Grants receivable	71,809,695
Lease receivables	40,104
Restricted cash	14,324,235
Other current assets	4,730,918
Total current assets	<u>101,978,517</u>

Noncurrent assets

Lease receivable	5,842,662
Equity investment	1,000
Capital assets, net	105,865,275
Land and improvements held for sale, net	788,212
Total noncurrent assets	<u>112,497,149</u>

Total assets

\$ 214,475,666

Liabilities and Net Position

Liabilities

Current liabilities

Accounts payable and accrued expenses	\$ 12,407,301
Unearned revenue - grants	82,355,628
Total current liabilities	<u>94,762,929</u>

Noncurrent liabilities

Deferred lease liability	33,221
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Total liabilities

94,796,150

Deferred Inflows of Resources

Lease related	9,206,657
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Net position

Net investment in capital assets	106,620,266
Restricted position	38,884
Unrestricted position	3,813,709

Total net position

110,472,859

Total liabilities and net position

\$ 214,475,666

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The Notes to Consolidated Financial Statements are an integral part of this statement.

Buffalo Urban Development Corporation
Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2025

Operating revenues	
Grant revenue	\$ 31,830,235
Lease and other revenue	2,145,094
Loan interest	6,981
Brownfield funds	2,924
Total operating revenues	<u>33,985,234</u>
Operating expenses	
Development costs	21,635,694
Depreciation	3,544,146
General and administrative	1,470,032
Salaries and benefits	527,452
Management fee	104,283
Adjustment to net realizable value	251,282
Total operating expenses	<u>27,532,889</u>
Operating income	<u>6,452,345</u>
Nonoperating revenues (expenses)	
Gain on disposal	8,809
Loss on investment	(1,168,981)
Gain on termination of Master Lease Agreement	16,569,686
Payment to minority owners of Northland	(18,500)
Gain on forgiveness of debt	4,063,600
Loss on assignment from 683 Northland Master Tenant	(2,958,911)
Interest income	45,763
Interest expense	(13,009)
Total nonoperating revenues, net	<u>16,528,457</u>
Change in net position	22,980,802
Net position - beginning of year	87,492,057
Net position - end of year	<u>\$ 110,472,859</u>

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Tentative and Preliminary
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The Notes to Consolidated Financial Statements are an integral part of this statement.

Buffalo Urban Development Corporation
Statement of Cash Flows
Year Ended December 31, 2025

Operating activities	
Amounts paid for Brownfields funds	\$ (236,914)
Grants received	22,295,580
Receipts from loans and commitment fees	6,981
Loans receivable	24,166
Rental and other revenue	1,279,507
Payments to employees, suppliers and other	(12,911,968)
Net cash provided by operating activities	<u>10,457,352</u>
Capital and related financing activities	
Acquisition and construction of capital assets	(8,615,104)
Repayment of loans	(30,000)
Payment to minority owners of Northland	(18,500)
Net cash used in capital and related financing activities	<u>(8,663,604)</u>
Investing activities	
Change in restricted cash	4,020,285
Interest earned	45,763
Interest paid	(13,009)
Net cash provided by investing activities	<u>4,053,039</u>
Net change in cash	5,846,787
Cash	
Beginning of year	5,226,778
End of year	<u>\$ 11,073,565</u>
Reconciliation of operating income to net cash provided (used) by operating activities	
Operating income	\$ 6,452,348
Adjustments to reconciled operating income (loss) from operations to net cash (used) provided by operating activities	
Depreciation expense	3,544,146
Increase in grants receivable	(6,878,984)
Increase in tenant receivables	(40,104)
Increase in other current assets	(574,265)
Increase in accounts payable and accrued expenses	11,490,978
Decrease in unearned revenue	(2,655,671)
Decrease in deferred lease liability	(881,096)
Net cash provided by operating activities	<u>\$ 10,457,352</u>
Noncash transactions	
Grants received but not yet earned	<u>\$ 6,914,121</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

**Buffalo Urban Development Corporation
Notes to Financial Statements
December 31, 2025**

1. Summary of Significant Accounting Policies

a. Reporting Entity

The financial statements of the Buffalo Urban Development Corporation ("BUDC") have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. 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 more significant of the BUDC's accounting policies are described below.

The Buffalo Urban Development Corporation was incorporated to facilitate partnership with the private sector in the development of the City of Buffalo (the "City"). Funding was initially received from the City; however, the City has not allocated direct funding to BUDC for several years and future allocations are not expected. Funding is received primarily from land sales, grant funding, and loan repayments. In 2005, an agreement between BUDC, Erie County Industrial Development Agency ("ECIDA"), the City, and Erie County (the "County") established the Buffalo Brownfields Redevelopment Fund (the Fund). The Fund dedicates certain payments received in lieu of real estate taxes ("PILOT") for future eligible project costs. The fund is administered by ECIDA and reimburses BUDC for eligible project costs incurred. The activity of the Fund is included in these financial statements as the Fund is governed by the BUDC Board of Directors.

The accompanying financial statements present BUDC and its component units, entities for which the government is financially accountable, as defined in GAAP. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended component units:

The financial reporting entity consists of (a) the primary entity, which is BUDC, (b) 683 WTC, LLC, ("WTC") of which BUDC is the sole member, and (c) 683 Northland LLC, ("Northland") in which BUDC is the sole member.

In accordance with U.S. GAAP, BUDC is not considered a component unit of another entity.

b. Basis of Presentation

Revenues from grants, Brownfield funds, rental payments and interest on loans are reported as operating revenues. All expenses related to operating BUDC are reported as operating expenses. Certain other transactions are reported as nonoperating activities including BUDC's interest income from deposits and interest expense related to long-term debt.

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

The Company includes in its measure of operations all revenues and expenses that are integral to its program services and supporting services. The measure of operations for the year ended December 31, 2025 includes investment return appropriated for operations and excludes investment return in excess of or less than the amount appropriated for operations, transfers to board-designated, increases or decreases in donor-restricted endowment funds, foreign currency exchange, contributions and changes in value of split-interest agreements, post-retirement changes other than net periodic benefit cost, and other nonrecurring transactions.

c. Principles of Consolidation

The financial statements include the accounts of BUDC, as well as blended component units of WTC and Northland. All significant intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements. These consolidated financial statements have been prepared in conformity with U.S. GAAP.

**Buffalo Urban Development Corporation
Notes to Financial Statements
December 31, 2025**

d. Measurement Focus and Basis of Accounting

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

e. Cash and Restricted Cash

BUDC's cash consists of cash on hand and demand deposits. Certain assets are classified on the consolidated statements of net position as restricted because their use is limited. The statement of cash flows considers amounts available for current operations to be cash and includes amounts restricted for repayment of tenant security deposits and reserves.

f. Lease Receivables

Lease receivables consist of receivables from tenants for lease payments and other charges, if applicable, recorded according to the terms of their sublease agreements. Lease receivables do not bear interest. The Company holds tenant security deposits as collateral for tenant receivables. On a periodic basis, the Company evaluates its lease receivables and establishes an allowance for doubtful accounts. There was no allowance for doubtful accounts for the year ended December 31, 2025.

Additionally, as a lessor, Northland recognizes a lease receivable and a deferred inflow of resources in the statement of net position in connection with its leases with commercial tenants. At the commencement of each lease, Northland initially measures the lease receivable at the present value of the payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently the deferred inflow of resources is recognized as revenue over the life of the lease term. See n. Leases for further discussion.

g. Other Current Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. These amounts are included in other current assets and amounted to \$292,934 for December 31, 2025.

h. Capital Assets

Capital assets are recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. The cost of repairs, maintenance and minor replacements are expensed as incurred, whereas expenditures that materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in income. Contributed capital assets are recorded at fair value at the date received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the BUDC are as follows:

Buffalo Urban Development Corporation
Notes to Financial Statements
December 31, 2025

	Capitalization Threshold	Depreciation Method	Estimated Life (Years)
Furniture and equipment	\$ 1,000	Straight-line	3-10
Buildings and improvements	\$ 1,000	Straight-line	5-40

i. Insurance

BUDC 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 for the past three years.

j. Net Position

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

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and related debt.
- b. *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. Included in this classification are the Buffalo Brownfields Redevelopment Fund and a loan fund.
- c. *Unrestricted* - The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by BUDC.

k. Income Taxes

The Company recognizes the tax benefit from an uncertain tax position only if it is "more likely than not" that the tax position would be sustained on examination by the taxing authorities, based upon the technical merits of the position. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized upon examination. Interest and penalties related to unrecognized tax benefits are classified as income tax expense.

BUDC is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code and exempt from state income taxes under state law, and no provision for such income tax has been reflected in the accompanying financial statements. BUDC has evaluated uncertain tax positions with respect to its operations and concluded there are no such positions at December 31, 2025. BUDC did not recognize any tax-related interest or penalties during the period presented in these financial statements.

l. Statements of Cash Flows

For the purposes of the statements of cash flows, BUDC considers all cash, other than restricted cash, which includes cash and demand accounts.

m. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Buffalo Urban Development Corporation
Notes to Financial Statements
December 31, 2025

n. Leases

Lessor: BUDC is a lessor of a building. BUDC recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, BUDC initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how BUDC determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- BUDC uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided BUDC generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and any extensions that are deemed reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee. BUDC monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lessee: As a lessee, BUDC has a lease for office space. The agreement was month to month through November 2023. Effective December 1, 2023 an agreement was signed that extended the lease through July 31, 2027.

At the commencement of a lease, BUDC initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Key estimates and judgments related to leases include how BUDC determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- BUDC uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, BUDC generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and any extensions that are deemed reasonably certain to be exercised. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that BUDC is reasonably certain to exercise.

BUDC monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities. Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

**Buffalo Urban Development Corporation
Notes to Financial Statements
December 31, 2025**

o. Accounting Pronouncements

BUDC has evaluated the provisions of Statement No. 102, *Certain Risk Disclosures* and Statement 105, *Subsequent Events*, which will be effective based on individual applications and determined that they have no significant impact on BUDC's financial statements.

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

- Statement No. 103, *Financial Reporting Model Improvements*, which will be effective for the year ending December 31, 2026.
- Statement No. 104, *Disclosure of Certain Capital Assets*, which will be effective for the year ending December 31, 2026.

p. Subsequent Events

The Company's management evaluated events that occurred after December 31, 2025 through Select Date, the date when the financial statements were available to be issued.

2. Cash and Investments

BUDC's investment policies are governed by State statutes. In addition, BUDC has its own written investment policy. BUDC monies must be deposited in Federal Deposit Insurance Corporation ("FDIC")-insured commercial banks or trust companies located within the State. BUDC is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury and its agencies, repurchase agreements and obligations of the State 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, obligations of the State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

As of December 31, 2025, BUDC's aggregate bank deposits were considered fully collateralized.

Investment and Deposit Policy

BUDC follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited in 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 BUDC's Treasurer.

Interest Rate Risk

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

BUDC'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. BUDC'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 Urban Development Corporation
Notes to Financial Statements
December 31, 2025

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 BUDC's investment and deposit policy, all deposits of BUDC including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the FDIC shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. BUDC 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 the State of New York and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

3. New Market Tax Credit Unwind

In 2017, BUDC made a loan in the amount of \$9,666,400 to Northland NMTC Investment Fund, LLC ("NMTC Fund"). Interest accrues at the rate of one percent per annum (1%) and is due quarterly. Interest only payments from the date of first advance, which was December 28, 2017 through December 31, 2024 are payable quarterly. Principal and interest shall be paid commencing December 31, 2024 through December 31, 2042. NMTC Fund pledges its entire interest in BACDE NMTC Fund 16, LLC and NTCIC-Northland, LLC. BUDC's policy is to present loans receivable net of an allowance for uncollectible loans.

During 2017, Northland borrowed amounts totaling \$13,730,000 related to the Northland Corridor project from BACDE NMTC Fund 16, LLC and NTCIC-NORTHLAND, LLC. Buffalo Urban Development Corporation, a related party, is a guarantor on the loan agreement. Interest accrues at the rate of 1.33776% and is due quarterly. The loans are collateralized by the building. Interest only payments from the date of the agreement, December 28, 2017 through December 31, 2024 are payable quarterly. Principal and interest are due quarterly, commencing December 31, 2024, until the maturity date of December 28, 2052. Interest expense for the year ending December 31, 2025 was \$13,009.

The New Markets Tax Credit ("NMTC") seven-year compliance period expired on December 31, 2024. As a result, on January 27, 2025, the investor in the NMTC exercised its contractual put option, selling its ownership interest in Northland NMTC Investment Fund, LLC to the Buffalo Urban Development Corporation ("BUDC") for \$1,000. Upon exercise of the put option, BUDC acquired sole ownership of the NMTC Fund. BUDC's ownership of the NMTC Fund is included in equity investments on the consolidated statements of net position. The investment amounted to \$1,000 at December 31, 2025.

In connection with the unwind of the NMTC structure, NTCIC-NORTHLAND, LLC and BACDE NMTC Fund 16, LLC assigned their NMTC-related promissory notes to NMTC Fund. The aggregate principal balance of these promissory notes totaled \$13,730,000. Subsequently, NMTC Fund assigned \$9,666,400 of the promissory notes to BUDC.

Thereafter, NMTC Fund and BUDC forgave and canceled the outstanding promissory notes totaling \$13,730,000, as well as the related loan receivable due from BUDC to NMTC Fund totaling \$9,666,400. As a result, the related loan receivable and loan payable balances were removed from the respective financial statements.

Additionally, the remaining reserve balances held by BACDE NMTC Fund 16, LLC and NTCIC-NORTHLAND, LLC were fully utilized to pay interest incurred prior to the assignment of the promissory notes and to satisfy other associated costs related to the NMTC unwind.

4. Capital Assets

Capital asset activity for the BUDC for the year ended December 31, 2025 was as follows:

	January 1, 2025	Increase	Decrease	December 31, 2025
Non-depreciable capital assets				

Buffalo Urban Development Corporation
Notes to Financial Statements
December 31, 2025

	January 1, 2025	Increase	Decrease	December 31, 2025
Land	\$ 874,014	\$ -	\$ -	\$ 874,014
Idle buildings and improvements	6,297,633	8,521,740	-	14,819,373
Total non-depreciable capital assets	7,171,647	8,521,740	-	15,693,387
Depreciable capital assets				
Buildings and improvements	107,904,475	7,465	-	107,911,940
Furniture and equipment	10,398,609	103,983	(16,145)	10,486,447
Lease asset	52,498	-	(19,227)	33,221
Less: Accumulated depreciation	(24,701,710)	(3,571,849)	13,839	(28,259,720)
Total depreciable capital assets	93,653,872	(3,460,401)	(21,533)	90,171,888
Total capital assets, net	\$ 100,825,519	\$ 5,061,339	\$ (21,533)	\$ 105,865,275

Land, buildings, and improvements related to the Northland Corridor amounted to \$15,693,387 December 31, 2025. BUDC intends to return these properties to productive use, assist with revitalizing the surrounding neighborhood, and provide employment opportunities for nearby residents by creating a new manufacturing hub on the City's east side. Once completed, BUDC expects to lease the property to local businesses, government agencies, and nonprofit organizations.

Due to the extensive amount of revitalization, pollution remediation (Note 16), and other related activities, the anticipated costs of certain Northland properties exceed the expected fair value of the properties based on current estimates. Adjustments to net realizable value totaled \$426,379 for the year ended December 31, 2025.

5. Land and Improvements Held for Development and Sale

In 2002, on behalf of the City, BUDC agreed to undertake a multi-phase Brownfield reclamation and redevelopment project at the former Hanna Furnace site and land surrounding the Union Ship Canal, now known as Buffalo Lakeside Commerce Park ("BLCP"). BUDC accepted 104 acres of tax foreclosed property from the City, demolished derelict structures, and constructed approximately 5,000 linear feet of roads and infrastructure. Funding for this work was provided by the State, the City, and the County. With additional funding from the State, BUDC purchased 130 acres of land to add to the BLCP and constructed additional roads and infrastructure. Between 2004 and 2008 there were multiple BLCP parcels sold to local businesses. In 2022, approximately 72 acres of land, was sold to local developers.

**Buffalo Urban Development Corporation
Notes to Financial Statements
December 31, 2025**

Land and improvements held for sale are recorded at net realizable value based on assessment of the fair value of each project as follows at December 31, 2025:

BLCP	\$ 6,048,892
Less: Adjustment to net realizable value (BLCP)	(5,260,680)
Total capital assets, net	<u>\$ 788,212</u>

6. Grants Receivable and Unearned Revenue

In 2019, BUDC was awarded a \$3,998,549 grant from Empire State Development ("ESD") under the Restore NY Program in support of the demolition and rehabilitation at certain properties in the Northland Corridor. In 2023, an additional \$55,000,000 was awarded from ESD's RECAP program relating to this project, as well as \$1,800,000 from ESD to support work on solar micro-grid projects at the properties. As of December 31, 2025, \$34,220,851 is outstanding in grants receivable from ESD.

In 2022, BUDC was awarded two grants totaling \$14,446,429 for Phase 1 of the Build Back Better Regional Challenge to be utilized for the demolition, remediation, renovation, construction and site/street improvements for various Northland properties. \$12,790,120 remains outstanding in grants receivable from the U.S. Department of Commerce Economic Development Administration ("EDA") as of December 31, 2025.

Between 2019-2025, BUDC was awarded fifteen grants from the Ralph C. Wilson, Jr. Foundation totaling \$109,070,400 for project coordination and advancing the transformation of Ralph C. Wilson, Jr. Centennial Park into a world-class park and recreational amenity for the City and the Western New York Region. As of December 31, 2025, \$23,889,200 is outstanding in grants receivable from the Ralph C. Wilson, Jr. Foundation.

To further add the shoreline components of the Centennial Park project, BUDC was awarded five grants totaling \$13,619,102 from the Great Lakes Commission between 2020-2024. \$517,969 is outstanding in grants receivable at December 31, 2025.

The following is a summary of grants receivable and unearned grant revenue at December 31, 2025:

Grant receivable	
ESD	\$ 34,220,851
Ralph C Wilson Jr Foundation	23,889,200
EDA	12,790,120
Great Lakes Commission	517,969
National Grid	350,000
Other	41,555
	<u>\$ 71,809,695</u>
 Unearned revenue	
ESD	\$ 45,540,190
Ralph C Wilson Jr. Foundation	22,926,467
EDA	10,098,505
Great Lakes Commission	2,631,978
American Rescue Plan	803,988
National Grid	250,000
Other	104,500
	<u>\$ 82,355,628</u>

**Buffalo Urban Development Corporation
Notes to Financial Statements
December 31, 2025**

7. Tenant Security Deposits

Tenant security deposits are maintained in a separate bank account from operating funds. They are tracked by name of the tenant internally by the Company and are segregated on the accompanying balance sheets.

8. Accounts Payable and Accrued Expenses

The following is a summary of accounts payable and accrued expenses at December 31, 2025:

Accounts payable	\$ 12,240,077
Accrued payroll	42,408
Tenant security deposits	106,816
Other accrued expenses	18,000
	\$ 12,407,301

9. Master Lease Agreement and Historic Tax Credit Unwind

Northland has a Master Lease Agreement (the "Agreement") with the master tenant member to receive lease income commencing August 26, 2018, the day prior to the first date on which Phase I of the Building was placed in service for purposes of the historical tax credits, through August 31, 2038. As a lessor, the underlying building and other assets are recorded as a right to use asset and corresponding deferred lease liability. Northland utilized an interest rate of 2.05% to calculate the deferred lease liability. Additionally, the underlying assets were not derecognized and remain on the statements of net position within capital assets.

Under the Agreement, Northland received lease and prepaid lease payments. All prepaid rent payments required under the Agreement were made as of December 31, 2025. Northland recognized \$1,723,097 in lease revenue related to the Agreement for the year ended December 31, 2025, prior to the termination of the Agreement. The lease agreement includes scheduled lease increases over the term of the lease, which in accordance with U.S. GAAP, was recognized on a straight-line basis over the term of the lease.

BUDC previously participated in a Historic Tax Credit ("HTC") investment structure through an ownership interest in 683 Northland Master Tenant, LLC (the "Master Tenant"). The HTC structure was established to generate federal and state historic rehabilitation tax credits for the investor member during the applicable compliance period. Following the expiration of the HTC compliance period, the investor member exercised its contractual rights to sell and assign its ownership interest in the Master Tenant to the managing member on August 19, 2025. As a result of this transaction, WTC acquired 100% ownership of the Master Tenant. WTC retained ownership of the Master Tenant through December 1, 2025 when the Master Tenant was dissolved.

In connection with the unwind of the HTC structure, certain Phase I and Phase II loans previously issued from BUDC to WTC support the historic rehabilitation project were converted into equity interests, and the related promissory notes were canceled on December 1, 2025. The aggregate principal balance of the loans converted to equity totaled \$56,632,466. Corresponding loan receivable balances were removed from the books of the related entities, and equity interests were recorded in their place.

Additionally, loans between BBRC and BBRC Land Company I totaling \$3,475,544 were similarly converted into equity, and the related loan and interest receivable and payable balances were eliminated.

The unwind of the HTC investment resulted in the termination of the tax credit investment structure. Following the completion of these transactions, BUDC and related entities no longer have any HTC-related compliance obligations associated with the project.

In conjunction with the above, the Master Lease Agreement was terminated on December 1, 2025. At this time accounts receivable from the master tenant, prepaid rent liability, the right to use asset, and operating lease liability were no longer owed. Accounts receivable were written off, the prepaid rent liability was recognized in full and the operating lease liability and right to use asset offset one another. The transaction resulted in a net gain on termination of the Master Lease amounting to \$16,569,686.

Buffalo Urban Development Corporation
Notes to Financial Statements
December 31, 2025

Additionally, Northland exercised its put option on December 1, 2025 which allowed Northland to purchase the 5% ownership held by BBRC Land Co I LLC for \$1. As a result of this transaction, WTC acquired 100% ownership of Northland.

Subsequently, on December 2, 2025, WTC was dissolved. In conjunction with its dissolution, all remaining assets and liabilities (inclusive of the 100% ownership of Northland) were distributed to BUDC as the sole member of WTC.

10. Line of Credit

BUDC entered into a revolving line of credit agreement with KeyBank on April 29, 2020 which allows for borrowings up to \$1,800,000. Borrowings are to be used to pay for specific projects that are reimbursed through grants but require the work to be completed prior to reimbursement and for general working capital purposes. Borrowed amounts on the line bear interest at an adjusted SOFR (previously LIBOR) rate per annum and are collateralized by security interest in all assets of BUDC. Interest payments are due on the first of each month. Principal is due upon demand. The line of credit had no outstanding balance at December 31, 2025.

11. Commercial Lease Revenue

In connection with the termination of the Master Lease Agreement on December 31, 2025 (Note 9), Northland was assigned all rental agreements originally held by the master tenant entity.

Northland Workforce Training Center: 683 Northland LLC was assigned a lease agreement with the Economic Development Group, Inc. d/b/a Northland Workforce Training Center, ("NWTC"), on December 1, 2025 originally commencing on September 1, 2018, and extending through August 31, 2033. The agreement calls for payment of prepaid lease payments and additional lease payments. Lease income from the sublease agreement is being recognized on a straight-line basis, in accordance with U.S. GAAP over the term of the lease. Prepaid lease payments in the amount of \$7,678,971 was due and paid during the year ended December 31, 2018; \$511,931 of lease income related to the prepaid lease payments was recognized during the years ended December 31, 2025. Northland is required to estimate additional lease income on a monthly basis and provide NWTC with a statement of actual additional lease incurred within 90 days of year end. During the year ended December 31, 2025, \$338,131 in additional lease income was recognized.

Additionally, Northland was assigned a second lease for an additional space related to the Northland Workforce Training Center on December 1, 2025 originally commencing October 1, 2019 and extending through July 31, 2026. The agreement calls for prepayment of lease expense in the amount of \$288,000. The entire prepaid lease balance was paid during the year ending December 31, 2020. For the year ended December 31, 2025, Northland recognized \$41,143 in lease income based on the second sublease agreement.

Further, Northland was assigned a third lease agreement on December 1, 2025 for an additional space related to the Northland Workforce Training Center commencing January 1, 2024 and extending through December 31, 2033. For the year ended December 31, 2025, Northland recognized \$48,399 in lease income based on the third sublease agreement.

Buffalo Manufacturing Works: Northland was assigned a lease agreement with Edison Welding Institute Inc. d/b/a Buffalo Manufacturing Works, commencing on July 1, 2019, and extending through June 30, 2034. For the year ended December 31, 2025, Northland recognized \$475,400 in lease income based on this agreement.

Northland has several lease agreements with other commercial tenants to receive rental income through December 31, 2030. For the year ending December 31, 2025, Northland recognized \$181,462 in lease income based on these agreements.

**Buffalo Urban Development Corporation
Notes to Financial Statements
December 31, 2025**

The following is a schedule of minimum future lease revenue on noncancelable leases with an initial term greater than one year:

2026	\$ 1,439,601
2027	1,410,645
2028	1,412,512
2029	1,414,435
2030	1,823,813
Thereafter	3,192,172
	<u>\$ 10,693,178</u>

Northland has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of December 31, 2025, BUDC's receivable for lease payments and deferred inflow of resources amounted to \$5,875,883 and \$9,206,657 respectively.

12. Equity Investment

Equity investment represents BUDC's 100% investment in NMTC. BUDC utilizes the historical cost method of BUDC's original capital contribution in NMTC. The investment amounted to \$1,000 at December 31, 2025.

13. Restricted Net Position

BUDC's restricted net position consists of amounts related to the Buffalo Brownfields Redevelopment Fund in the amount of \$38,884 at December 31, 2025.

14. Notes Receivable

BUDC and WTC had note agreements in the amount of \$25,048,279 and \$27,712,000 whereby BUDC will advance proceeds to WTC as requested. The notes carried an interest rate of one percent (1%), compounded annually and the notes are for a period of thirty years. The notes and related accrued interest were converted to equity in WTC during the year ended December 31, 2025 amounting to \$56,632,466. This investment in WTC was subsequently written down to \$0 during the dissolution of WTC.

On December 2, 2025 WTC filed for dissolution. Under the Plan of Complete Liquidation and Dissolution, all remaining assets and liabilities were distributed to BUDC as the sole member. Total assets and liabilities distributed amounted to \$64,914,945 and \$4,000, respectively. BUDC's investment in WTC was written down \$56,632,466 (representative of the full balance as of December 2, 2025) resulting in a gain on the distribution of assets from WTC recorded on BUDC amounting to \$8,278,479.

15. Pollution Remediation

Various pollution remediation activities will be necessary as BUDC moves into Phase 3 and Phase 4 redevelopment at the Northland Corridor. Based on preliminary environmental studies, demolition plans, and design plans, management believes that remediation activities should total approximately \$3,000,000. Management expects that the entire cost of the remediation will be reimbursed by grants; therefore, no pollution remediation liability has been accrued in these consolidated financial statements.

16. Cash Flow Information

Supplemental disclosures of noncash transactions for the year ending December 31, 2025:

Gain on forgiveness of debt for a loan payable	\$ 4,063,600
Gain on termination of Master Lease Agreement for recognition of deferred rent liability	
net accounts receivable	\$ 16,569,686
Loss on investment	\$ 147,427

Buffalo Urban Development Corporation
Notes to Financial Statements
December 31, 2025

Loss on assignment from Master Tenant for receipt of deferred rent liability \$ 3,938,542

17. Subsequent Events

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

DRAFT
Tentative and Preliminary
For Discussion and Internal
Purposes Only - Subject to Revision

Supplementary Information

DRAFT
Tentative and Preliminary
For Discussion and Internal
Purposes Only - Subject to Revision

Buffalo Urban Development Corporation
Consolidating Statement of Net Position
December 31, 2025

	Buffalo Urban Development Corporation	683 WTC LLC	683 Northland LLC	Eliminations	Total
Assets					
Current assets					
Cash	\$ 10,516,996	\$ -	\$ 556,569	\$ -	\$ 11,073,565
Grants receivable	71,809,695	-	-	-	71,809,695
Lease receivables	-	-	40,104	-	40,104
Restricted cash	14,217,372	-	106,863	-	14,324,235
Other current assets	4,400,981	-	284,872	254,935	4,730,918
Total current assets	<u>101,245,044</u>	<u>-</u>	<u>988,408</u>	<u>254,935</u>	<u>101,978,517</u>
Noncurrent assets					
Lease receivable	82,051,874	-	5,842,662	-	5,842,662
Equity investment	82,051,874	-	-	82,051,874	1,000
Capital assets, net	82,051,874	-	84,921,296	-	105,865,275
Land and improvements held for sale, net	788,212	-	-	-	788,212
Total noncurrent assets	<u>103,785,065</u>	<u>-</u>	<u>90,763,958</u>	<u>82,051,874</u>	<u>112,497,149</u>
Total assets	<u>\$ 205,030,109</u>	<u>\$ -</u>	<u>\$ 91,752,366</u>	<u>\$ 82,306,809</u>	<u>\$ 214,475,666</u>

Draft - Preliminary
 For Discussion and Internal
 Purposes - Subject to Revision

**Buffalo Urban Development Corporation
Consolidating Statement of Net Position
December 31, 2025**

	Buffalo Urban Development Corporation	683 WTC LLC	683 Northland LLC	Eliminations	Total
Liabilities and Net Position					
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 12,168,401	-	\$ 493,835	\$ 254,935	\$ 12,407,301
Unearned revenue - grant	82,355,628	-	-	-	82,355,628
Total current liabilities	94,524,029	-	493,835	254,935	94,762,929
Noncurrent liabilities					
Deferred lease liability	33,221	-	-	-	33,221
Total liabilities	94,557,250	-	493,835	254,935	94,796,150
Deferred Inflows of Resources:					
Lease related	-	-	9,206,657	-	9,206,657
Net position					
Net investment in capital assets	21,698,970	-	84,921,296	-	106,620,266
Restricted position	38,884	-	-	-	38,884
Unrestricted position	88,735,005	-	(2,869,422)	82,051,874	3,813,709
Total net position	110,472,859	-	82,051,874	82,051,874	110,472,859
Total liabilities and net position	\$ 205,030,109	\$ -	\$ 91,752,366	\$ 82,306,809	\$ 214,475,666

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**Buffalo Urban Development Corporation
Consolidating Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2025**

	Buffalo Urban Development Corporation	683 WTC LLC	683 Northland LLC	Eliminations	Total
Operating revenues					
Grant revenue	\$ 31,830,235	\$ -	\$ -	\$ -	\$ 31,830,235
Lease and other revenue	229,009	-	1,916,085	-	2,145,094
Loan interest	493,535	-	-	(486,554)	6,981
Brownfield funds	2,924	-	-	-	2,924
Total operating revenues	<u>32,555,703</u>	<u>-</u>	<u>1,916,085</u>	<u>(486,554)</u>	<u>33,985,234</u>
Operating expenses					
Development costs	21,635,694	-	-	-	21,635,694
Depreciation	8,113	-	3,461,033	-	3,544,146
General and administrative	20,555	6,796	172,686	-	1,470,032
Salaries and benefits	519,630	-	8,222	-	527,452
Management fee	10,771	-	5,512	-	104,283
Adjustment to net realizable value	299,963	-	51,317	-	251,282
Total operating expenses	<u>23,821,323</u>	<u>6,796</u>	<u>3,698,770</u>	<u>-</u>	<u>27,532,889</u>
Operating (loss) income	<u>8,728,380</u>	<u>(6,796)</u>	<u>(1,782,685)</u>	<u>(486,554)</u>	<u>6,452,345</u>
Nonoperating revenues (expenses)					
Gain on disposal	8,809	-	-	-	8,809
Gain (loss) on investment	17,142,395	(3,037,915)	-	(15,273,461)	(1,168,981)
Gain on termination of Master Lease Agreement	-	-	16,569,686	-	16,569,686
Gain on dissolution of 683 WTC LLC	8,278,479	-	-	(8,278,479)	-
Payment to minority owners of Northland	-	-	(18,500)	-	(18,500)
Gain on forgiveness of debt	9,034,400	-	-	(9,034,400)	-
(Loss) gain on forgiveness of debt	(18,700,800)	-	13,730,000	9,034,400	4,063,600
Loss on assignment from Master Tenant	-	-	(2,958,911)	-	(2,958,911)
Interest income	45,474	127	162	-	45,763
Interest expense	256	(486,554)	(13,265)	486,554	(13,009)

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See Independent Auditor's Report.

**Buffalo Urban Development Corporation
Consolidating Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2025**

	Buffalo Urban Development Corporation	683 WTC LLC	683 Northland LLC	Eliminations	Total
Total nonoperating revenues (expenses), net	15,809,013	(3,524,342)	27,309,172	(23,065,386)	16,528,457
Change in net position	24,537,393	(3,531,138)	25,526,487	(23,551,940)	22,980,802
Net position - beginning of year	85,935,466	15,809,617	56,876,887	(67,129,913)	87,492,057
Plus: capital contributions	-	56,632,466	-	(56,632,466)	-
Less: distributions	-	(64,500,945)	(351,500)	65,262,445	-
Net position - end of year	\$ 110,472,859	\$ -	\$ 82,051,874	\$ (82,051,874)	\$ 110,472,859

(1) This represents activities between the entities to be eliminated for the consolidated financial statements.

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See Independent Auditor's Report.

**Buffalo Urban Development Corporation
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures
U.S. Department of Commerce				
Economic Adjustment Assistance			\$ -	\$ 4,272,649
Passed through Great Lakes Commission				
Habitat Conservation	11.463	3876	72,260	72,260
Habitat Conservation	11.463	3992	5,110,084	5,110,084
Habitat Conservation	11.463	4231	1,547,729	1,547,729
Total U.S. Department of Commerce			<u>6,730,073</u>	<u>11,002,722</u>
U.S. Department of Treasury				
Passed through City of Buffalo				
COVID-19: Coronavirus State And Local Fiscal Recovery Funds	21.027	ARP6.1-26	104,062	104,062
Total U.S. Department of Treasury			<u>104,062</u>	<u>104,062</u>
Federal Emergency Management Agency				
Passed through New York State Division of Homeland Security and Emergency Services and City of Buffalo				
Hazard Mitigation Grant	97.039	C001009	132,123	132,123
Total Federal Emergency Management Agency			<u>132,123</u>	<u>132,123</u>
Total			<u>\$ 6,966,258</u>	<u>\$ 11,238,907</u>

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**Buffalo Urban Development Corporation
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity for all programs of BUDC under programs of the federal government for the year ended December 31, 2025. The information in the 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Organization's consolidated financial statements. 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.

3. Indirect Cost Rate

The Organization has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Prior-Period Costs Recognized in Current Year SEFA

Certain expenditures included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2025 relate to program activities performed in a prior fiscal year. These expenditures were initially funded by a non-federal grant. In the current year, the Organization determined that these costs were allowable and allocable to the federal award under 2 CFR 200 and therefore recognize them as federal expenditures in the current reporting period.

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

Independent Auditor's Report

To the Board of Directors of
Buffalo Urban Development Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of Buffalo Urban Development Corporation, which comprise the statement of consolidating statement of net position as of December 31, 2025, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated Select Date.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Withum Smith and Brown
Buffalo, NY

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

Independent Auditor's Report

To the Board of Directors of
Buffalo Urban Development Corporation:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Buffalo Urban Development Corporation's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each the Organization's major federal programs for the year ended December 31, 2025. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying the schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of the Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

WithumSmith+Brown, PC
Buffalo, New York

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**Buffalo Urban Development Corporation
Schedule of Findings and Questioned Costs
December 31, 2025**

Section 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?	_____ Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	_____ Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ Yes	<input checked="" type="checkbox"/> 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	<input checked="" type="checkbox"/> No
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Identification of major federal programs:

Assistant Listing Number(s)	Name of Federal Program or Cluster
11.463	Habitat Conservation
11.307	Economic Adjustment Assistance

Dollar threshold used to distinguish between type A and type B programs:	\$1,000,000
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Auditee qualified as low-risk auditee?	_____ Yes	<input checked="" type="checkbox"/> No
--	-----------	--

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

There were no findings relating to the consolidated financial statement audit as required to be reported in accordance with Government Auditing Standards ("GAS") during the year ended December 31, 2025 and 2024.

Section III - Federal Awards Findings and Questioned Costs

There were no findings or questioned costs relating to the audit of the major federal programs during the year ended December 31, 2025 and 2024.

**Buffalo Brownfields Redevelopment Fund
Audited Schedule of Revenues, Expenses
and Changes in Net Position
December 31, 2025**

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Buffalo Brownfields Redevelopment Fund
Table of Contents
December 31, 2025

Independent Auditor's Report 1-2

Schedule of Revenues, Expenses and Changes in Net Position 3

Notes to Schedule of Revenues, Expenses and Changes in Net Position 4

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Independent Auditor's Report

To the Board of Directors of
Buffalo Urban Development Corporation:

Opinion

We have audited the accompanying schedule of revenues, expenses and changes in net position of Buffalo Urban Development Corporation's ("BUDC"), Buffalo Brownfields Redevelopment Fund for the year ended December 31, 2025, and the related notes to the schedule (the financial statement).

In our opinion, the accompanying financial statement presents fairly, in all material respects, the revenues, expenses and changes in net position of BUDC's Buffalo Brownfields Redevelopment Fund for the year ended December 31, 2025 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

As discussed in Note 1, the financial statement presents only the revenues, expenses and change in net position of the Buffalo Brownfields Redevelopment Fund and does not purport to, and do not, present fairly the financial position of the BUDC, as of December 31, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BUDC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

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

Restriction on Use

This report is intended solely for the information and use of the Board of Directors and management of the Buffalo Urban Development Corporation, the County of Erie, and the City of Buffalo and is not intended to be and should not be used by anyone other than those specified parties.

DATE

Buffalo Brownfields Redevelopment Fund
Schedule of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2025

Operating revenues	
City of Buffalo PILOTs - Sonwil	\$ 3,707
County of Erie PILOTs - Sonwil	2,242
Total operating revenues	<u>5,949</u>
Operating expenses	
County of Erie share of PILOTs	1,121
City of Buffalo share of PILOTs	4,008
Total operating expenses	<u>5,129</u>
Operating loss	820
Nonoperating revenues	
Interest income	<u>852</u>
Change in net position	1,672
Net position	
Beginning	<u>37,212</u>
Ending	<u>\$ 38,884</u>

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See Independent Auditor's Report.

Buffalo Brownfields Redevelopment Fund
Notes to Schedule of Revenues, Expenses and Changes in Net Position
December 31, 2025

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Buffalo Brownfields Redevelopment Fund (the "Fund") was formed in July 2005 by agreement between Erie County Industrial Development Agency ("ECIDA"), the City of Buffalo (the "City"), the County of Erie (the "County"), and Buffalo Urban Development Corporation ("BUDC") for the purpose of remediation and redevelopment of Brownfield properties in the City. Under this agreement, ECIDA receives payments in lieu of taxes ("PILOT") from property owners located within the Buffalo Lakeside Commerce Park ("BLCP"). These PILOT payments are the result of abated City and County property taxes, as authorized by ECIDA. A portion of these PILOT payments is paid to the City and County, while the remainder is held in the Fund to assist in further development of BLCP. After completion of BLCP, funds can be used in connection with similar projects located within the City that are undertaken by BUDC.

Basis of Presentation

The schedule of revenues, expenses, and changes in net position (the "schedule") presents the activity of the Fund, which is accounted for and is part of BUDC's financial statements. The schedule has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America as applied to governmental units and specifically business-type activities. The Governmental Accounting Standards Board is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

2. Subsequent Event

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

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BUFFALO URBAN DEVELOPMENT CORPORATION

INVESTMENT AND DEPOSIT POLICY

ARTICLE 1

Scope

Section 2925 of the New York Public Authorities Law requires the Buffalo Urban Development Corporation (the "Corporation") to adopt by resolution comprehensive investment guidelines which detail its operative policy and instructions to officers and staff regarding the investing, monitoring, and reporting of funds of the Corporation.

This investment and deposit policy ("Investment Policy") is adopted by the Corporation pursuant to the foregoing provisions of the Public Authorities Law and shall apply to all moneys and other financial resources available for investment on the Corporation's own behalf or, when applicable, on behalf of any other entity or individual. The provisions of this Investment Policy are also consistent with the requirements of Sections 10 and 11 of the New York General Municipal Law, which the Corporation is not required to comply with, but has elected to follow as a "best practice."

This Investment Policy shall be applicable to all affiliates and subsidiaries of the Corporation, and to all other affiliates or subsidiary companies of the Corporation which may hereafter be established by the Corporation, and which are determined to be subject to the requirements of Section 2925 of the Public Authorities Law (an "Affiliate"). Unless otherwise indicated, all references to the "Corporation" herein shall also include the each Affiliate.

ARTICLE 11

Governing Principles

A. Investment Objectives.

The primary objectives of the Corporation's investment policy are, in order of priority, as follows: (i) to conform with all applicable federal, state, and local laws and legal requirements; (ii) to adequately safeguard principal; (iii) to provide sufficient liquidity to meet all operating requirements of the Corporation; and (iv) to obtain a reasonable rate of return.

B. Diversification.

The policy of the Corporation is to diversify by investment instrument, by maturity, and where practicable by financial institution.

C. Internal Controls.

1. All funds received by an officer or employee of the Corporation shall be promptly deposited with the depositories designated by the Corporation (pursuant to Article III.A of this Investment Policy) for the receipt of such funds.
2. The Treasurer or Assistant Treasurer of the Corporation shall maintain or cause to be maintained a proper record of all books, notes, securities, or other evidence of indebtedness held by the Corporation for investment and deposit purposes. Such record shall identify the security, the fund for which it is held, the place where kept, the date of sale or other disposition, and the amount received from such sale or other disposition.
3. The Corporation is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

D. Authorized Financial Institutions and Dealers.

The Corporation shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments that may be outstanding with each financial institution or dealer. All financial institutions with which the Corporation conducts business must be creditworthy as determined by criteria established by the Treasurer or Assistant Treasurer of the Corporation. All banks with which the Corporation does business shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Corporation. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers.

E. Purchase of Investments.

The Corporation may contract for the purchase of investments directly, including through a repurchase agreement, from an authorized trading partner. All purchased obligations, unless registered or inscribed in the name of the Corporation, shall be purchased through, delivered to, and held in the custody of a bank or trust company. Such obligations shall be purchased, sold, or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Corporation by the bank or trust company and shall be held pursuant to a written custodial agreement as described in Article IV.C.2 of this Policy.

F. Repurchase Agreements.

The Corporation may enter into repurchase agreements subject to the following restrictions:

1. All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
2. Trading partners are limited to commercial banks or trust companies authorized to do business in New York State and primary reporting dealers.
3. Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
4. No substitution of securities will be allowed.
5. Obligations purchased pursuant to a repurchase agreement shall be held by a custodian other than the trading partner, pursuant to a written custodial agreement that complies the terms of Article IV.C.2 of this Policy.

ARTICLE 111

Investments

A. General Policy,

It is the general policy of the Corporation that funds not required for immediate expenditure shall be invested as described in Article III.B below. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income, net of fees, to be derived.

B. Permitted Investments.

The Treasurer or Assistant Treasurer is authorized to invest funds not required for immediate expenditure in the following investments, which are permitted under Section 1 1 of the General Municipal Law:

1. Special time deposit accounts in, or certificates of deposit issued by any commercial bank or trust company that is located in and authorized to do business in New York State, provided that such deposit account or certificate of deposit is secured in the same manner as provided in Article IV.B of this Investment Policy and is payable within such time as the proceeds shall be needed to meet expenditures for which the funds were obtained;

2. Obligations of the United States of America;
3. Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
4. Obligations of the State of New York; and
5. Such other obligations may be permitted under Section 1 1 of the General Municipal Law.

All investments as provided in Sections B(2) through B(5) of this Article shall be payable or redeemable at the option of the Corporation within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Corporation within two years of the date of purchase, and comply with such other requirements as set forth in Section 1 1 of the General Municipal Law.

ARTICLE IV

Deposits

A. Designation of Depositories.

The Corporation shall, by resolution, designate one or more commercial banks or trust companies for the deposit of Corporation funds received by the Corporation. Such resolution shall specify the maximum amount that may be kept on deposit at any time with each bank or trust company. Such designations and amounts may be changed at any time by further resolution of the Corporation.

B. Collateralization of Deposits.

All deposits of the Corporation (including certificates of deposit and special time deposits) in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured as follows:

1. By a pledge of "eligible securities" with an aggregate "market value" as defined by Section 10 of the General Municipal Law, at least equal to the aggregate amount of deposits. A list of eligible securities is attached hereto as Schedule A.
2. By a pledge of a pro rata portion of a pool of eligible securities, having in the aggregate a market value at least equal to the aggregate amount of deposits from all such officers within New York State at such bank or trust company.

3. By an irrevocable letter of credit issued by a qualified bank (other than the bank with which the money is being deposited or invested) in favor of the Corporation for a term not to exceed ninety (90) days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable minimum risk-based capital requirements.

4. By an eligible surety bond payable to the Corporation for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claim's paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations. The terms and conditions of any eligible surety bond shall be subject to Board approval.

C. Safekeeping and Collateralization.

Eligible securities used for collateralizing deposits shall be held by the depository and/or third-party bank or trust company subject to security and custodial agreements as described below.

1. Security Agreement Requirements. The security agreement shall provide that eligible securities are being pledged to secure Corporation deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted, or released and the events which will enable the Corporation to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Corporation, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the depository or its custodial bank.

2. Custodial Agreement Requirements. The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the Corporation, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The custodial agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The custodial agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the Corporation a perfected interest in the securities and may include such other terms as the Board deems necessary.

ARTICLE V
Monitoring and Reporting Obligations

The following monitoring and reporting procedures shall be applicable in connection with the deposit and investment of funds subject to this Investment Policy:

A. Monthly Monitoring.

Each cash and investment account statement will be reviewed and reconciled on a monthly basis. The Treasurer or Assistant Treasurer will review each account reconciliation for accuracy and will investigate any unusual items noted.

B. Monitoring and Reporting.

Pursuant to Section 2925(5) of the Public Authorities Law, the Treasurer or Assistant Treasurer of the Corporation shall present a report at each meeting of the Board of Directors which will include the following information: (i) the cash and investment balances of the Corporation; (ii) identification of any new investments since the last report; (iii) information concerning the selection of investment bankers, brokers, agents dealers or auditors since the last report; and (iv) the names of the financial institutions holding Corporation deposits.

C. Annual Monitoring and Reporting.

1. On an annual basis, the Corporation will obtain an independent audit of its financial statements, which shall include an audit of its cash and investments and the Corporation's compliance with this Investment Policy. The results of the independent audit shall be made available to the Board of Directors at the time of its annual review of this Investment Policy.

2. Pursuant to Section 2925(6) of the Public Authorities Law, staff shall, on an annual basis, prepare and submit for Board approval an investment report which shall include this Investment Policy, amendments to the Investment Policy since the last investment report, an explanation of the Investment Policy and any amendments, the results of the annual independent audit, the investment income record of the Corporation and a list of the total 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 investment report will be distributed to those individuals identified in Section 2925(7)(b) of the Public Authorities Law. The Corporation shall make available to the public copies of its investment report upon reasonable request therefor.

ARTICLE VI
Annual Review

This Investment Policy shall be reviewed and approved by the Board of Directors of the Corporation on an annual basis.

ARTICLE VII
Savings Clause

Nothing contained in Section 2925 of the Public Authorities Law shall be deemed to alter, affect the validity of, modify the terms of or impair any contract, agreement or investment of funds made or entered into by the Corporation in violation of, or without compliance with the provisions of Section 2925 of the Public Authorities Law.

SCHEDULE A ELIGIBLE SECURITIES

Obligations issued by the United States of America, an agency thereof or a United States government sponsored corporation or obligations fully insured or guaranteed as to the payment of principal and interest by the United States of America, an agency thereof or a United States government sponsored corporation.

Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.

Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the market value of the obligation that represents the amount of the insurance or guaranty.

Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of New York State or obligations of any public benefit corporation which under a specific state statute may be accepted as security for deposit of public moneys.

Obligations issued by states (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

Obligations of counties, cities and other governmental entities of another state having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.

Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by federal bank regulatory agencies.

Commercial paper and bankers' acceptances issued by a bank (other than the bank with which the money is being deposited or invested) rated in the highest short-Term category by at least one nationally recognized statistical rating organization and having maturities of no longer than sixty days from the date they are pledged.

Zero-coupon obligations of the United States government marketed as "Treasury STRIPS."

- Adopted: April 7, 2009
- Re-Adopted: April 6, 2010
- Re-Adopted: March 29, 2011
- Re-Adopted: March 27, 2012
- Re-Adopted: March 26, 2013
- Re-Adopted: March 25, 2014
- Amended and Adopted: March 31, 2015
- Re-Adopted: March 29, 2016
- Re-Adopted: March 28, 2017
- Amended and Adopted: March 27, 2018
- Re-adopted: March 26, 2019
- Re-adopted: March 31, 2020
- Re-adopted: March 30, 2021
- Re-adopted: March 29, 2022
- Re-adopted: March 28, 2023
- Re-adopted: March 26, 2024
- Re-Adopted: March 25, 2025

BUFFALO URBAN DEVELOPMENT CORPORATION

CREDIT CARD POLICY

I. Purpose

To establish the policy and procedures for the use of a credit card or cards by Buffalo Urban Development Corporation ("BUDC").

II. Introduction/Background

It is commonplace for organizations to use credit cards for the convenience of making purchases on behalf of the organization. In some instances, purchases can only be made with a credit card as manual checks are not accepted (i.e. hotel reservations, internet purchases). In order to simplify the process for purchasing certain items on behalf of BUDC, the following policy outlines the use of credit cards.

III. Authorization

A resolution will be presented to the BUDC Board of Directors prior to the issuance of the credit card that authorizes:

- The approval of the issuance of the credit card and the number and type(s) of credit cards to be used, such as general-purpose cards or vendor specific cards
- Identification of all authorized users
- Setting of appropriate credit limits
- Establish custody of the credit card when not in use
- Permitted uses of the credit card
- The appropriate internal control structure for monitoring the use of the credit card
- The approval process for payment of the charges
- The establishment of a means to recoup any unauthorized expenditures

The use of a BUDC credit card(s) shall be in accordance with, and is not intended to circumvent, the BUDC Procurement Policy and/or the BUDC Travel, Conference, Meals and Entertainment Policy.

BUDC shall be permitted to obtain and utilize a credit card(s) as so authorized by the Board resolution. In addition to BUDC itself, the individuals authorized to be issued a credit card

are listed on Schedule A, along with the credit limit authorized. Schedule A shall be updated as the individuals authorized and credit limits change. The credit cards will be issued to the specific individuals listed on Schedule A in order to help maintain accountability. Once issued, all cards are to be locked in the Treasurer's lockbox when not in use. If an individual is no longer designated as a cardholder, and/or leaves BUDC employment, the credit card issued to this individual will be cancelled. As determined by the resolution of BUDC, only authorized personnel of BUDC may be assigned and use the BUDC credit card.

The BUDC Audit and Finance Committee will evaluate the use of the credit card(s) on an annual basis to determine the continued need for the credit card(s) and the nature and type of purchases being made.

IV. Use of Cards

All purchases made on BUDC's credit card must comply with the BUDC Procurement Policy and the Travel, Conferences, Meals and Entertainment Policy. The BUDC credit card may be used only for official business of BUDC to pay for actual and necessary expenses incurred in the performance of work-related duties for BUDC. The credit card may be used only for the following purchases:

- Hotel reservations
- Rental car reservations
- Training, conference, luncheons and seminar registrations
- Meals for meetings in which the vendor will not accept a check
- Internet purchases where a vendor will not accept a check
- Supplies and items needed for BUDC programs, events or meetings with short-lead times

Personal expenses on the BUDC credit card are strictly prohibited. A credit card that allows cash advances or cash back from purchases is also prohibited. The card will be issued in the name of Buffalo Urban Development Corporation with the name of the individual authorized on the credit card.

The BUDC employee issued the credit card is responsible for its protection and custody and shall immediately notify the Treasurer or Assistant Treasurer if the credit card is lost or stolen.

Employees must immediately surrender the BUDC credit card upon termination of employment.

V. Recordkeeping

The use of the BUDC credit card may be substantiated with a purchase order, receipts and documentation detailing the goods or services purchased, cost, date of the purchase and the official business explanation. Receipts and documentation must be submitted to the Treasurer or Assistant Treasurer following the purchase to reconcile against the monthly credit card statement.

At the end of each month, the Treasurer or Assistant Treasurer is to review the monthly card statement and reconcile it with the receipts and documentation received for that month. The Treasurer or Assistant Treasurer should determine that all purchases are supported by documentation. Any variances are to be investigated. Any purchase/charge without appropriate supporting documentation requires a detailed explanation and description and the written approval of the BUDC President (or Audit and Finance Committee Chair in the case of President charges). Unauthorized or improper purchases will result in credit card revocation and discipline of the employee. BUDC shall also take appropriate action to recoup unauthorized or improper expenditures. Once the reconciliation is complete, the Treasurer or Assistant Treasurer will initial the reconciliation to show it has been completed.

Once the credit card has been reconciled, payment via check will be made. All purchases made with credit cards shall be paid for within the grace period so that no interest charges or penalties will accrue.

VI. Effective Date/Amendments

This Credit Card Policy shall be effective upon approval of BUDC Board of Directors and may be amended by the Board of Directors from time to time as the Board deems necessary or appropriate.

Approved and Adopted: April 30, 2024 (Board of Directors)
Re-Adopted: March 25, 2025

SCHEDULE A

Name	Title	Credit Limit Authorized
Brandye Merriweather	President	\$
Rebecca Gandour	Executive Vice President	\$
Mollie Profic	Treasurer	\$

Buffalo Urban Development Corporation
Investment Report
For the year ended December 31, 2025

Buffalo Urban Development Corporation

2025 Annual Investment Report

Purpose of Report:

Under Section 2925(6) of the Public Authorities Law, BUDC is required to annually prepare and approve an Investment Report. The Investment Report is to include: BUDC's Investment Guidelines (see below), the results of the annual independent 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, 2025 and was approved by the BUDC Board of Directors at their March 31, 2026 meeting.

Investment Guidelines:

In accordance with Section 2925 of the Public Authorities Law, BUDC 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. In addition, BUDC has elected to follow the deposit and investment restrictions contained in Sections 10 and 11 of the General Municipal Law as a "best practice".

BUDC's Investment Guidelines were approved by the BUDC Board of Directors at their March 31, 2026 meeting and are posted on the BUDC website at <http://www.buffalourbandevelopment.com/budc-corporate-policies>.

The Investment Guidelines are consistent with the Guidelines adopted on March 25, 2025.

Investment Audit:

BUDC's auditors have audited the corporation's compliance with the Investment Guidelines for Public Authorities. In their report dated March XX, 2026 Withum-Smith Brown P.C. indicated that BUDC complied, in all material respects, with these Investment Guidelines.

Buffalo Urban Development Corporation (BUDC) and Affiliates
Annual Investment Report
For the year ended December 31, 2025

Account Type	Financial Institution	G/L Balance		Interest Rate ^a Dec 2025	Investment Income	Fees	Restricted	Purpose
		1/1/2025	12/31/2025					
BUDC Accounts:								
1 Interest Checking	KeyBank	\$ 5,154,327	\$10,421,659	0.52%	\$ 44,208	\$ -		General BUDC checking account
2 Checking	KeyBank	1,100	18,000	-	-	-	√	Northland Corridor security deposit account
3 Interest Checking	M&T Bank	39,318	40,989	2.00%	852	-	√	Restricted account for City of Buffalo real estate development ^b
4 Interest Checking	KeyBank	51,116	72,968	0.52%	414	-	√	Account for 714 Northland property
5 Interest Checking	KeyBank	680,203	680,514	0.52%	4,246	-	√	Imprest account for ESD grant #133857 ^c
6 Interest Checking	KeyBank	17,586,250	13,495,869	1.55%	290,334	-	√	Imprest account for ESD RECAP grant ^c
		<u>\$23,512,314</u>	<u>\$24,729,989</u>		<u>\$ 340,053</u>	<u>\$ -</u>		
683 Northland Master Tenant LLC Accounts:								
7 Interest Checking	KeyBank	\$ 444,821	\$ 208,490	0.52%	\$ 2,119	\$ -		General 683 Northland Master Tenant checking account
8 Interest Checking	KeyBank	341,852	343,992	0.52%	2,140	-	√	683 Northland Master Tenant operating reserve account
9 Interest Checking	KeyBank	109,324	106,863	0.52%	679	-	√	683 Northland Master Tenant security deposits account
		<u>\$ 895,997</u>	<u>\$ 659,345</u>		<u>\$ 4,938</u>	<u>\$ -</u>		
683 Northland LLC Accounts:								
10 Interest Checking	KeyBank	\$ 17,547	\$ 4,087	0.52%	\$ 161	\$ -		General 683 Northland checking account
11 Interest Checking	KeyBank	5	-	0.00%	-	-	√	Interest Reserve account, closed in 2025
12 Checking	Citibank	30,237	-	-	-	-	√	NTC/C Reserve checking account, closed in 2025
13 Checking	Citibank	8,507	-	-	-	-	√	BACDE Reserve checking account, closed in 2025
		<u>\$ 56,297</u>	<u>\$ 4,087</u>		<u>\$ 161</u>	<u>\$ -</u>		
683 WTC, LLC Account:								
14 Interest Checking	KeyBank	2,688	4,371	0.52%	138	-		General 683 WTC Checking account
		<u>\$ 2,688</u>	<u>\$ 4,371</u>		<u>\$ 138</u>	<u>\$ -</u>		
		<u>\$24,467,295</u>	<u>\$25,397,802</u>		<u>\$ 345,290</u>	<u>\$ -</u>		

Notes:

All accounts are FDIC guaranteed and secured by collateral posted by the depository or its agent for balances above the FDIC limit.

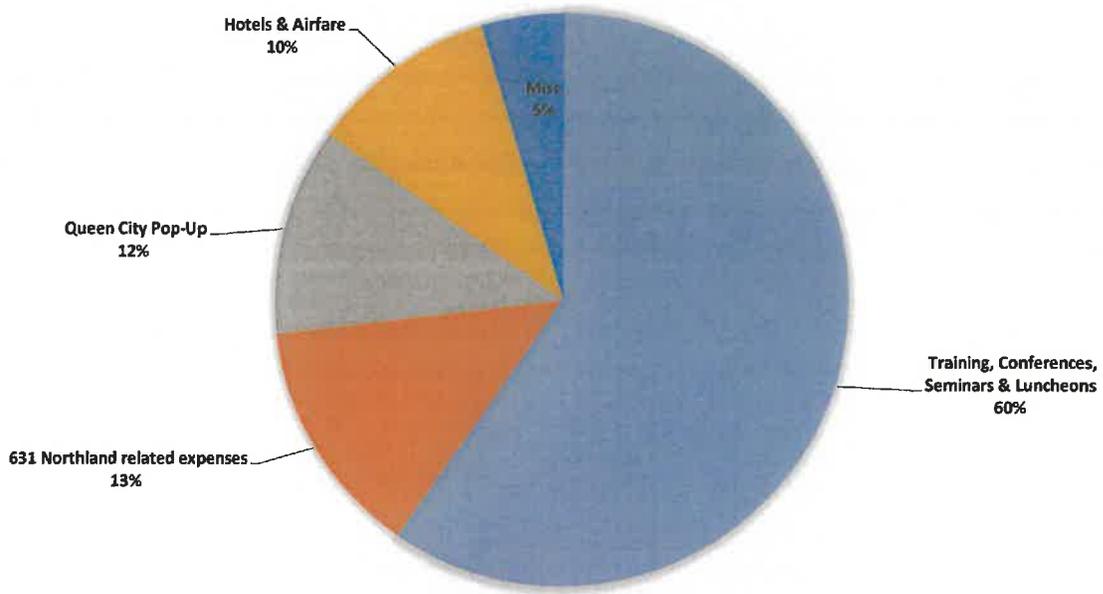
^a The Interest Rate is the annualized rate for the month of December 2025 and is prior to the deduction of fees (if any).

^b This account is known as the Buffalo Brownfields Redevelopment Fund (BBRF) and is held by the ECIDA on behalf of BUDC.

^c Investment income earned is remitted to grantor in accordance with agreements.

Buffalo Urban Development Corporation
Summary of Charges to Corporate Credit Card
 For statement period 3/8/2025 to 2/8/2026

Training, Conferences, Seminars & Luncheons	\$ 10,850
631 Northland related expenses	2,456
Queen City Pop-Up	2,120
Hotels & Airfare	1,905
Misc.	861
	<u>\$ 18,192</u>



Buffalo Urban Development Corporation

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web: buffalourbandevelopment.com



2025 Assessment of the Effectiveness of Internal Controls

Management of the Buffalo Urban Development Corporation (BUDC) is responsible for establishing and maintaining adequate internal controls over financial reporting. The accounting, financial reporting and cash management functions rely on a system of controls outlined in the organization's Financial Policies & Procedures documentation. Internal controls are reviewed continuously, and adjustments are made as needed. Many administrative processes (e.g. payroll, cash management) are performed by employees of the Erie County Industrial Development Agency (ECIDA) under a shared services agreement due to shared office space. ECIDA's CFO serves as BUDC's Treasurer, and ECIDA's Accounting Manager serves as BUDC's Assistant Treasurer. Examples of key internal controls are:

- **Payroll:** BUDC's payroll is processed by a third-party processor, Bene-Care Payroll, LLC. The CFO and Bookkeeper verify that payments are only made to employees that are entitled to be paid. As a service organization Bene-Care Payroll, LLC. undergoes a Service Organization Controls (SOC) audit each year. Their most recent SOC audit asserts that the internal controls in place at Bene-Care Payroll, LLC are suitably designed and operating as intended to provide reasonable assurance that control objectives were achieved.
 - Risk = Low
- **Cash Disbursements:** Disbursements are made primarily by check and wire transfer. Invoices require approval (physical or email) by the purchaser prior to payment. Invoices are reviewed by the CFO prior to processing by the Bookkeeper. Two signatures are required on all checks (President, Executive VP, Treasurer or Assistant Treasurer). All wire transfers require dual approval. The CFO retrieves and reviews all bank statements and approves all bank reconciliations. Only Finance Department staff have online banking credentials.
 - Risk = Low
- **Cash Receipts:** Checks received are logged by ECIDA's Receptionist and forwarded to the Accounting Manager. The Accounting Manager stamps checks "for deposit only", codes the checks and prepares deposits. The Bookkeeper deposits checks at the bank. The CFO reviews and initials deposit slips and deposit receipts and verifies proper account coding. The Bookkeeper records deposits in the general ledger software. Wire/ACH receipts are reviewed and coded by the CFO or Accounting Manager and are recorded in the general ledger software by the Bookkeeper.
 - Risk = Low

All computers are password protected and require multi-factor authentication to log in. General ledger software is separately password protected. Access to the general ledger software is restricted to the CFO, Accounting Manager and Bookkeeper.

BUDC is subject to an annual financial statement audit by an independent accounting firm, in accordance with Government Auditing Standards. While auditors are not engaged to perform an audit of internal controls, the auditors do review and test internal controls as part of their audit procedures. There have been no material weaknesses or significant deficiencies in internal controls nor other management letter recommendations noted by independent auditors.

In summary, the present internal control structure appears to be sufficient to meet internal control objectives in preventing and detecting errors and irregularities.

This statement certifies that the Buffalo Urban Development Corporation followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending December 31, 2025. To the extent that deficiencies were identified, the authority has developed corrective action plans to reduce any corresponding risk.

**Buffalo Urban Development Corporation
2025 Audit & Finance Committee Self-Evaluation**

Responsibilities of the Audit & Finance Committee:

The core responsibilities of the Audit & Finance Committee, as mandated under Section 2825 of the New York Public Authorities Law, are set forth in the Bylaws and include: (i) the independent auditor and annual financial statements; (ii) oversight of management’s internal controls, compliance, and risk assessment practices; (iii) special investigations and whistleblower policies; and (iv) miscellaneous issues related to the financial practices of the Corporation.

Audit & Finance Committee Self-Evaluation	Yes	No	Pen ding	Comments
1. Are the members of the Audit & Finance Committee appointed in accordance with the Bylaws and do individuals appointed to the Audit & Finance Committee possess the necessary skills to understand the duties and functions of the Audit & Finance 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 Audit & Finance 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 Audit & Finance Committee members, who are members of the Corporation, 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 Audit & Finance Committee meet a minimum of once (1) each calendar year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Committee met on 3/13/25 and 7/10/25, The Committee met jointly with the Real Estate Committee on 9/9/25 (no quorum).
4. Were meeting notices and agendas prepared for each meeting and provided to Audit & Finance 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 Corporation? Did all meetings comply with the requirements of the Open Meetings Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Notices and agendas were provided for each meeting in advance. The meetings fully complied with the Open Meetings Law and the Secretary of the corporation recorded official minutes for all meetings.

Audit & Finance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>5. Did the Audit & Finance Committee develop the Corporation'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 Audit & Finance Committee:</p> <p>(a) Recommend to the Board the appointment of independent auditors, establish the compensation to be paid to the auditors, pre-approve all audit services provided by the independent auditor, and provide oversight of the audit services provided by the independent auditor?</p> <p>(b) Engage independent auditors to provide permitted audit services consistent with the procurement policy of the Corporation?</p> <p>(c) Review and approve the Corporation'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 Corporation?</p> <p>(e) Meet with the Corporation's independent auditor at least annually to discuss the financial statements of the Corporation 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>Current audit engagement with Freed Maxick (now known as Withum) was recommended by the Committee and approved by the Board of Directors 7/28/22. In March 2025, Freed Maxick completed audits of BUDC and 683 Northland Master Tenant, LLC for the year ended 12/31/24. Freed Maxick issued an unmodified (clean) opinion for both audits. They also indicated that the audits did not uncover any significant weaknesses in internal control. Freed Maxick also presented the 2024 draft financial statements of the Buffalo Brownfields Redevelopment Fund. The ECIDA is the custodian for the Brownfields Fund. Accordingly, the financial statements were presented to the Committee members for informational purposes only.</p>

Audit & Finance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>7. Did the Audit & Finance Committee review management's assessment of the effectiveness of the Corporation's internal controls and review the actions taken by management on the independent accountants' and auditors' suggestions for correcting weaknesses in the Corporation's internal controls, regulatory compliance, and organizational structure and operations?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Management's assessment of the effectiveness of internal controls was reviewed with the Committee on 3/13/25. The March 2025 audit reports did not identify any significant weaknesses in internal controls.</p>
<p>8. Did the Audit & Finance Committee:</p> <p>(a) Ensure that the Corporation 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 Corporation or anyone having business dealings with the Corporation?</p> <p>(b) Develop procedures for the receipt, retention, investigation, or referral of complaints concerning accounting, internal controls, and auditing?</p> <p>(c) Request and oversee special investigations as needed or refer specific issues to the Board or appropriate committee for further investigation?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>BUDC adopted a Whistleblower Policy in March of 2012. The policy describes the process for reporting suspected fraudulent activities and describes the protections provided to individuals who report suspected fraudulent activities. The Policy was most recently re-adopted by the Board of Directors on 3/25/25.</p>
<p>9. Did the Audit & Finance Committee obtain information and training needed to enhance the committee members' understanding of the role of the independent auditor, the risk management process, internal controls, and appropriate level of familiarity in financial reporting standards and processes?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>On 3/13/25, the Committee received an article entitled, "On the Audit Committee's Agenda: Looking ahead to 2025" published by the Deloitte Center for Board Effectiveness.</p>

Audit & Finance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>10. Did the Audit & Finance 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 Audit & Finance Committee Charter?</p> <p>(c) Provide a self-evaluation to the Board on an annual basis?</p> <p>(d) Report to the Board at least annually on the findings of its independent auditors?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Committee reported its actions and recommendations to the Board following each meeting that included an action or recommendation: 3/25/25 and 9/30/25. On 3/25/25, this report included the: (1) 2024 Audit & Finance Committee self-evaluation; (2) Audit & Finance Committee Charter; (3) 2024 draft financial statements audited by Freed Maxick; (4) 2024 draft financial statements for the Buffalo Brownfields Redevelopment Fund audited by Freed Maxick; (5) 2024 Property Report; (6) Investment & Deposit Policy; and (7) 2024 Investment Report.</p>

Audit & Finance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>11. Did the Audit & Finance Committee:</p> <p>(a) Assess the financial requirements of the Corporation's capital plans including its current and future capital needs, justification of why the capital expenditures are required and a review and explanation of funding sources for its capital projects?</p> <p>(b) Review the financial aspects of the Corporation's proposed projects, major transactions, significant expenditures, new programs & services, proposals to discontinue programs & services and make recommendations to the Board based on such reviews?</p> <p>(c) Review and recommend changes to the Corporation's Procurement Policy, including thresholds for procuring commodities, equipment, goods or services with or without written requests for proposals?</p> <p>(d) Review proposals for financing the Corporation's capital expenditures and other business ventures and make recommendations to the Board concerning such proposals and the level and nature of the debt that may be acquired by the Corporation? In connection with these reviews, did the Committee consider information consistent with prudent borrowing practices such as the ability of the Corporation to generate cash flow to support its debt obligations and other cash flow needs?</p> <p>(e) Review the Corporation's existing loan agreements and other debt facilities and make recommendations for repayment, consolidation and refinancing?</p> <p>(f) When requested by the Board, make recommendations to the Board concerning criteria that should govern the Corporation's financing?</p> <p>(g) Review, at least annually, the Corporation's insurance policies and liability coverage and recommend any necessary changes?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>(a), (b), (d), (e) & (f) The Audit & Finance Committee discusses the financial requirements for all BUDC projects. BUDC staff provided updates for the BBRF, Northland, and Centennial Park funding sources, as well as operational funding during each 2025 meeting.</p> <p>(c) BUDC's Governance Committee reviews the Procurement Policy annually. No changes were necessary in 2025. The Board re-adopted the policy on 3/25/25.</p> <p>(e) The Audit & Finance Committee received updates on the 683 Northland financing unwind on 3/13/25, 7/10/25, and 9/9/25.</p>

Audit & Finance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>12. Did the Audit & Finance Committee:</p> <p>(a) Review the Corporation's proposed annual operating budget as presented by Corporation management for the upcoming fiscal year?</p> <p>(b) Recommend the annual budget to the Board for approval after incorporating modifications the Audit Committee deemed appropriate?</p> <p>(c) Make recommendations to the Board regarding transfers of money under the budget, if requested by the Board?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Audit & Finance Committee reviewed the 2026 draft budget and proposed three-year forecast during its 9/9/25 meeting and recommended that the Board approve the budget and three-year forecast.</p>

Audit & Finance Committee Self-Evaluation
Other Self-Evaluation Notes
<p>1) In addition to the above:</p> <ul style="list-style-type: none"> • During the 9/9/25 meeting the Committee discussed the construction budget for the 631 Northland Avenue project and the entity structure for the tax credits component of the project.

BUFFALO URBAN DEVELOPMENT CORPORATION

AMENDED AND RESTATED AUDIT AND FINANCE COMMITTEE CHARTER

The Board of Directors of Buffalo Urban Development Corporation (the "Corporation") hereby adopts this Amended and Restated Audit and Finance Committee Charter ("Charter") of the Corporation as of the Effective Date set forth herein.

ARTICLE 1

Purpose

The purpose of the Audit and Finance Committee (the "Audit Committee") shall be to: (1) assure that the Corporation's Board of Directors (the "Board") fulfills its responsibilities for the Corporation's internal and external audit process, the financial reporting process and the system of risk assessment and internal controls over financial reporting; (2) provide an avenue of communication between management, the independent auditors and the Board; (3) oversee the Corporation's capital requirements and its acquisition, management and repayment of debt, and to recommend policies concerning the same; and (4) review and make recommendations regarding budgetary matters.

ARTICLE 11

Powers

The Audit Committee shall have the power to: (1) conduct or authorize investigations into any matters within its scope of responsibility; (2) seek any information it requires from Corporation employees, all of whom should be directed by the Board to cooperate with the Audit Committee's requests; and (3) meet with Corporation staff, independent auditors, experts, other advisors or Corporation counsel, as the Audit Committee may deem appropriate. The Board shall ensure that the Audit Committee has sufficient resources to carry out its duties under this Charter.

ARTICLE 111

Composition of the Audit and Finance Committee

A. The Audit Committee shall be appointed by the Board and shall be comprised of not less than three (3) independent members, who shall constitute a majority of the Committee. In the event that the Board has less than three (3) independent members, the Board may appoint non independent members to the Audit Committee so long as the independent members constitute a majority of the Committee. The term "independent member," as defined in Section 2825 of the New York Public Authorities Law, shall mean a member who: (i) is not, and in the past two years has not been, employed by the Corporation or an affiliate in an executive capacity; (ii) is not, and in the past two years has not been, employed by an entity that received remuneration valued at more than Fifteen Thousand Dollars for goods and services provided to the Corporation or received any other form of financial assistance valued at more than Fifteen Thousand Dollars from the

Corporation; (iii) is not a relative of an executive officer or employee in an executive position of the Corporation or an affiliate; and (iv) is not, and in the past two years has not been, a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or any other similar actions of the Corporation or an affiliate of the Corporation.

B. Appointees to the Audit Committee are required to possess the necessary skills to understand the duties and functions of the Audit Committee and be familiar with corporate financial and accounting practices. The Board shall designate one member of the Audit Committee to serve as Chair of the Audit Committee. Each member of the Audit Committee shall serve for a term of one (1) year and until his or her successor shall be appointed and qualified.

ARTICLE IV **Committee Meetings**

A. The Audit Committee will meet at least annually and as frequently as may be necessary or appropriate in order to fulfill the functions outlined in this Charter. The Audit Committee may invite other individuals, such as staff members, auditors or other technical experts to attend meetings and provide pertinent information, as necessary.

B. Meeting notices will be prepared for each meeting and provided to Audit Committee members by electronic or regular mail at least five (5) days in advance of the scheduled meeting. Meetings shall be held in compliance with the requirements of the Open Meetings Law. Agenda materials will be provided in advance of each meeting. A quorum of the Audit Committee shall consist of a majority of the members then serving on the Audit Committee. The affirmative vote of a majority of the members then serving on the Audit Committee shall constitute an act of the Audit Committee. Minutes of the Committee meetings shall be recorded by the Secretary or, in his or her absence, an Assistant Secretary or any other person designated as secretary of the meeting by the Chair of the Audit Committee.

ARTICLE V **Committee Responsibilities**

The Board has delegated responsibilities to the Audit Committee in furtherance of the committee's purposes. Those responsibilities include the following:

A. **Independent Auditors and Financial Statements**

The Audit Committee shall:

(i) Recommend to the Board the appointment of independent auditors, establish the compensation to be paid to the auditors retained by the Corporation, pre-approve all audit services provided by the independent auditor and provide oversight of the audit services provided by the independent auditor.

(ii) Engage independent auditors to provide permitted audit services, consistent with and in accordance with the procurement policy of the Corporation. The Corporation's independent auditor shall be prohibited from providing non-audit services unless having received previous written approval from the Audit

Committee. Non-audit services include tasks that directly support the Corporation's operations, such as (a) bookkeeping or other services related to the accounting records or financial statements of the Corporation; (b) financial information systems design and implementation; (c) appraisal or valuation services, fairness opinions, or contribution in-kind reports; (d) actuarial services; (e) internal audit outsourcing services; (f) management functions or human resource services; (g) broker or dealer, investment advisor, or investment banking services; and (h) legal services and expert services unrelated to the audit function.

(iii) Review and approve the Corporation's audited financial statements, associated management letter and all other auditor communications.

(iv) Review significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements of the Corporation.

(v) Meet with the Corporation's independent auditor at least annually to discuss the financial statements of the Corporation, and on an as-needed basis to discuss any significant issues that may have arisen during the course of the audit.

(vi) Review and discuss any significant risks reported in the independent audit findings and recommendations and assess the responsiveness and timeliness of management's follow-up activities pertaining to the same.

B. Internal Controls, Compliance and Risk Assessment

The Audit Committee shall review management's assessment of the effectiveness of the Corporation's internal controls and review the actions taken by management on the independent accountants' and auditors' suggestions for correcting weaknesses, if any, in the Corporation's internal controls, regulatory compliance, organizational structure and operations, and if applicable, any weaknesses noted.

c. Special Investigations

The Audit Committee shall.

(i) Ensure that the Corporation has an appropriate confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by the directors, officers or employees of the Corporation or any persons having business dealings with the Corporation or breaches of internal control.

(ii) Develop procedures for the receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls and auditing.

(iii) Request and oversee special investigations as needed and/or refer specific issues to the Board or appropriate committee of the Board for further investigation.

D. Annual Budget

The Audit Committee shall:

- (i) Review the Corporation's proposed annual operating budget as presented by Corporation management for the upcoming fiscal year.
- (ii) Recommend the annual budget to the Board for approval after incorporating any modifications the Audit Committee deems appropriate.
- (iii) Make recommendations to the Board regarding transfers of money under the budget, if requested by the Board.

E. Capitalization. Financial and Procurement Requirements

The Audit Committee shall:

- (i) Assess the financial requirements of the Corporation's capital plans. The assessment is to include current and future capital needs, a justification of why such capital expenditures are required and a review and explanation of funding sources for capital projects such as grants, bank loans and existing cash reserves.
- (ii) Review the financial aspects of the Corporation's proposed projects, major transactions, significant expenditures, new programs and services, as well as proposals to discontinue programs and services, and make recommendations to the Board based on such reviews.
- (iii) Review and recommend changes to the Corporation's procurement policy, including thresholds for procuring commodities, equipment, goods or services with or without written requests for proposals.
- (iv) Review proposals for financing the Corporation's capital expenditures and other business ventures, and make recommendations to the Board concerning such proposals and the level and nature of debt that may be acquired by the Corporation. In connection with such reviews, the Audit Committee shall consider such information as it determines to be consistent with prudent borrowing practices, including, without limitation, the ability of the Corporation to generate cash flow to support its debt obligations and other cash flow needs.
- (v) Review the Corporation's existing loan agreements and other debt facilities, and make recommendations for repayment, consolidation and refinancing, if appropriate.
- (vi) When requested by the Board, make recommendations to the Board concerning criteria that should govern the Corporation's financings.

- (vii) Review, at least annually, the Corporation's insurance policies and liability coverage, and make recommendations regarding changes to each, if appropriate.

F. Other Responsibilities

The Audit Committee shall:

- (i) Obtain information and training needed to enhance the Audit Committee members' understanding of the role of the independent auditor, the risk management process, internal controls, budgeting, capitalization requirements, debt acquisition and an appropriate level of familiarity in financial reporting standards and processes.
- (ii) Review this Charter annually, reassess its adequacy and recommend to the Board any proposed changes. This Charter shall be updated as applicable laws, regulations, accounting and auditing standards change.
- (iii) Conduct an annual self-evaluation of its performance, including the effectiveness of the Committee, its compliance with this Charter, and how it has discharged its duties and met its responsibilities as outlined herein.

ARTICLE VI **Committee Reports**

The Audit Committee shall:

- A. Report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Audit Committee and when otherwise requested by the Board.
- B. At the Board's request, report to the Board regarding the status of and the Audit Committee's recommendations for the Corporation's proposed and existing borrowing arrangements and other debt facilities.
- c. Report to the Board on a periodic basis, at least annually, the findings of its independent auditors. These reports shall include careful consideration of the actions taken by management on the independent auditors' suggestions for correcting weaknesses, if any, in the Corporation's internal controls, regulatory compliance, organizational structure and operations. These reports may include the adequacy of the audit effort by the Corporation's independent auditors, the financial and regulatory compliance reporting decisions of management, the adequacy of disclosure of information essential to a fair presentation of the financial affairs and regulatory compliance efforts of the Corporation, and the organization and quality of the Corporation's system of management and internal accounting controls.
- D. Report to the Board, at least annually, regarding any proposed changes to this Charter.

ARTICLE VII

Amendments

This Charter shall be effective upon the affirmative vote of the Board of Directors of the Corporation and may be amended upon affirmative vote of a majority of the Board of Directors of the Corporation.

Effective Date: April 7, 2009

Amended: March 2, 2010

Re-adopted: March 26, 2013

Re-adopted: March 14, 2014

Re-adopted: March 31, 2015

Re-adopted: March 29, 2016

Re-adopted: March 28, 2017

Amended and Restated: July 25, 2017 (Board of Directors)

Reviewed: March 15, 2018 (Audit & Finance Committee)

Reviewed: March 14, 2019 (Audit & Finance Committee)

Reviewed: March 19, 2020 (Audit & Finance Committee)

Reviewed: March 22, 2021 (Audit & Finance Committee)

Reviewed: March 29, 2022 (Audit & Finance Committee)

Reviewed: March 9, 2023 (Audit & Finance Committee)

Reviewed: March 14, 2024 (No Quorum Present)

Reviewed: March 13, 2025 (Audit & Finance Committee)



audit committee, the committee's role is expanding as expectations around oversight continue to broaden.

Perspective | 09 Feb 2026 | 5 minute read

The Pulse Blog

Audit committee priorities in the year ahead

Author: Krista Parsons



Talking points

- In 2026, audit committee responsibilities may be shaped by an increasingly dynamic environment.
- Evolving risks, new technologies, and regulatory changes are key considerations.
- This blog shares leading practices to help audit committees prioritize for the year ahead and enhance their effectiveness.

Board responsibilities continue to evolve at a rapid pace that shows little signs of slowing. Amid ongoing geopolitical and economic uncertainty, many boards are balancing digital transformation with the need for growth and resilience. While not all of this falls on the

So what should be on the audit committee's agenda in the year ahead? While priorities will vary by company, we've identified several focus areas audit committee members may want to keep front and center. This edition of *The Pulse* explores those topics—providing insights and leading practices for upcoming meetings.

Enterprise risk management (ERM)

ERM remains a priority for audit committees given the dynamic and complex environment most companies are operating in these days.

The role of the audit committee often includes overseeing management's identification and evaluation of both established and emerging risks—from geopolitical shifts to advancing technologies—while ensuring the company's risk appetite aligns with its strategy. This means confirming that risk tolerance aligns with growth, innovation, and transformation, especially as business models evolve. Some practical ERM recommendations for audit committees include:

- **Integrate risk oversight across functions:** Encourage consistent risk management practices enterprise-wide, and use dashboards and timely reporting to flag issues quickly.
- **Stress-test risk scenarios:** Ask management to run scenario analyses on extreme—but possible—events, such as cyberattacks, supply chain disruptions, or sudden regulatory shifts.

- **Monitor risk culture:** Evaluate whether risk awareness is woven throughout the organization, from tone at the top to employee engagement in day-to-day risk management.

Regulatory environment

Given the pace of regulatory change, audit committees should stay current on SEC, PCAOB, and other requirements affecting disclosures, reporting, and internal controls. A global patchwork—especially around sustainability reporting, data privacy, and artificial intelligence (AI)—adds complexity. Early engagement with auditors and legal counsel, paired with ongoing oversight, helps the organization anticipate changes, maintain readiness, and keep disclosures aligned with executive messaging. Specific actions the audit committee can take include:

- **Review and rationalize disclosures:** Ask management to evaluate whether disclosures are clear, decision-useful, and consistent across filings and investor communications.
- **Stay current on the evolving regulatory environment:** Request regular briefings from management and the external auditor on potential US and global regulatory developments, including implications for reporting, disclosures, and internal controls.

Cyber risk and resilience

Cyber risk remains a core audit committee focus as threat actors, regulatory expectations, and technology adoption (including cloud and AI) accelerate. Audit committees can play an important role in overseeing cyber preparedness and resilience—ensuring cyber risk is treated as an enterprise risk with clear ownership, measurable

controls, and incident response processes that support timely, consistent disclosures. Practical actions for audit committee oversight in relation to cyber risk include:

- **Clarify ownership and metrics:** Confirm chief information security officer (CISO) accountability and reporting lines, board-level reporting, and a small set of metrics that tie investments to risk reduction.
- **Test incident response and disclosure readiness:** Perform regular cross-functional tabletop exercises and validate escalation, decision rights, and disclosure alignment.
- **Focus on key risk drivers:** Encourage management to focus on identity and access management, patching, third-party access, backups and recovery, and ransomware resilience.

“ERM remains a priority for audit committees given the dynamic and complex environment most companies are operating in these days.”

Fraud and compliance risks

Fraud and compliance risks are evolving rapidly, so solely relying on static controls may not be enough. Audit committees should urge management to regularly update fraud risk assessments as business

models and technology change. They should also consider how AI-driven fraud and cyber threats can bypass traditional defenses. Staying ahead means being proactive and adaptable. These steps can help audit committees keep pace:

- **Strengthen whistleblower resources:** Test the effectiveness and confidentiality of reporting channels to encourage employees to speak up.
- **Evaluate compliance program agility:** Confirm that compliance policies and internal controls are robust and flexible enough to keep pace with shifting regulations and business needs.
- **Oversee third-party due diligence:** Understand and monitor fraud and compliance risks with vendors and other third parties, not just internal sources.

Third-party and supply chain risk

Third-party risk—especially from supply chain partners—should remain a priority for audit committees. Oversight should address critical vendor exposures, monitoring for cyber and regulatory compliance, and tracking risks across global supply chains—especially in light of tariffs and geopolitical pressures. Audit committees can also:

- **Review business continuity plans:** Confirm contingency planning covers both operational and reputational risks from third-party disruptions.
- **Insist on ongoing monitoring and incident response:** Expect strong oversight, testing, and clear incident escalation with key

third parties.

- **Reinforce responsible sourcing:** Monitor vendor standards, codes of conduct, and compliance with evolving transparency requirements.

Internal audit modernization

Internal audit continues to evolve as risks and technologies—such as AI, blockchain, and cloud computing—reshape the control environment, placing new demands on audit committees. Audit committees can champion modernization (e.g., advanced analytics, automation, agile methods) while ensuring internal audit maintains its independence, objectivity, and coverage of both emerging and traditional risks. Audit committees can also:

- **Request real-time insights:** Ask for dynamic reports and dashboards for timely risk intelligence.
- **Support upskilling and talent diversity:** Encourage investment in digital, analytical, and industry capabilities.
- **Align with ERM strategy:** Encourage coordination of audit plans with the broader ERM framework.

With so much on the audit committee's plate, preparation is key. Make sure you're ready to engage on each topic—and define what "good" looks like for your organization. That may also mean taking a fresh look at your committee's composition and whether you have the right mix of skills and perspectives around the table to provide effective oversight.

What role can Deloitte play?

3/5/26, 12:45 PM

Audit committee priorities in 2026

Deloitte's Audit Committee Program is focused on advising audit committees on their role and responsibilities, recent trends, and hot topics. From education sessions to workshops, we provide a suite of offerings to advise audit committees as they navigate their ever-increasing oversight responsibilities. Reach out to me with questions and subscribe to our Audit Committee Brief to receive monthly updates.

3/5/26, 12:45 PM



Krista Parsons

United States

Audit & Assurance Managing Director | Audit Committee Program Leader | Center for Board Effectiveness | Deloitte & Touche LLP

Krista Parsons is an Audit & Assurance (A&A) managing director with Deloitte & Touche LLP and is a part of Deloitte's Center for Board Effectiveness, which helps directors fulfill their oversight...

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Perspective

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Buffalo Urban Development Corporation

Property Report

Year Ended: December 31, 2025

Table 1. This is a listing of all real property owned by BUDC, or through its affiliates or subsidiaries, at December 31, 2025

BUDC Facility	Address or SBL of Property	Full Description of Property	Estimated FMV of Property
Buffalo Lakeside Commerce Park 22.18 Buffalo, New York Most Being Marketed	80 Ship Canal Parkway	2.01 acres of vacant land	\$70,350
	134 Ship Canal Parkway	2.15 acres of vacant land	\$75,250
	158 Ship Canal Parkway	2.15 acres of vacant land	\$75,250
	193 Ship Canal Parkway	9.59 acres of vacant land	\$335,650
	200 Ship Canal Parkway	5.86 acres of vacant land	\$205,100
	280 Ship Canal Parkway	0.42 acre of vacant land	\$14,700
Northland Corridor 37.03 Acres Buffalo, New York Some Being Marketed	537 East Delavan Avenue	0.95 acres w/ a 12,300 s.f. vacant derelict building	\$100,000
	547 East Delavan Avenue	3.41 acres w/ a 44,000 vacant building being renovated	\$96,000
	221 Winchester Avenue	2.68 acres of vacant land	\$86,100
	606 Northland Avenue	1.65 acres w/ a 28,639 s.f. vacant partially occupied building	\$64,500
	640 Northland Avenue	1.83 acres of vacant land	\$69,000
	577 Northland Avenue	29,000 s.f. of greenspace	\$37,000
	631 Northland Avenue	2.63 acres of land w/ a 40,000 s.f. vacant building	\$1,260,000
	644 Northland Avenue	11,000 s.f. of land w/ 4,000 s.f. building	\$58,700
	665 Northland Avenue	1.28 acres of parking and greenspace	\$256,049
	664 Northland Avenue	12,000 s.f. of parking	\$60,800
	695 Northland Avenue	0.07 acre parking lot	\$16,900
	697 Northland Avenue	0.06 acre parking lot	\$12,900
	683 Northland Avenue	7.27 acres of land w/ 235,000 s.f. of occupied buildings	\$5,061,500
	688 Northland Avenue	12,000 s.f. of parking	\$58,900
	705 Northland Avenue	0.24 acres of vacant land (to be renovated as a parking lot)	\$31,100
	714 Northland Avenue	1.81 acres of land w/ an 18,000 s.f. occupied building	\$585,000
	741 Northland Avenue	4.695 acres of land w/ a 92,000 s.f. derelict building	\$793,000
	767 Northland Avenue	7,998 s.f. of vacant land	\$23,500
	777 Northland Avenue	4.14 acres of land w/ a 81,000 s.f. derelict building	\$545,000
	124 Dutton Avenue	3,120 s.f. of vacant land	\$9,400
126 Dutton Avenue	7,800 s.f. of vacant land	\$11,700	
162 Winchester Street	3,940 s.f. of vacant land	\$6,000	
164 Winchester Street	3,940 s.f. of vacant land	\$6,000	
168 Winchester Street	3,940 s.f. of vacant land	\$6,000	
572 Northland Avenue	4,560 s.f. of vacant land	\$6,800	
574 Northland Avenue	7,260 s.f. of vacant land	\$10,900	
1669 Fillmore Avenue	6,144 s.f. of vacant land	\$18,500	
Other	1675 Fillmore Avenue	7,680 s.f. of vacant land	\$22,800
	1679 Fillmore Avenue	9,457 s.f. of vacant land	\$22,900
	1681 Fillmore Avenue	28,564 s.f. of vacant land	\$71,500
	1322 South Park Avenue	2,860 s.f. of vacant land	\$9,000

Note: The FMV is estimated using an average per acre value based on a sampling of non-current appraisals. Negotiated "final sale" value may vary.

Note: The FMV is based on the 2025 City of Buffalo assessment notices at 100% value. Negotiated "final sale" value may vary.

Note: The FMV is estimated using an average per acre value based on a sampling of non-current appraisals. Negotiated "final sale" value may vary.