

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

Buffalo Urban Development Corporation
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December 31, 2025

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Independent Auditor's Report

To the Board of Directors 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 is 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 March 31, 2026 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

March 31, 2026

**Buffalo Urban Development Corporation
Management's Discussion and Analysis
December 31, 2025
(Unaudited)**

Buffalo Urban Development Corporation ("BUDC") is a not-for-profit corporation whose mission is to support the urban economic development efforts of the region through acquisition, remediation and management of distressed properties, and to engage in related real estate development activities for the purpose of attracting and/or retaining new and existing businesses to the City of Buffalo, New York (the "City") as part of the region. The mission of BUDC also includes supporting the revitalization of the City by serving as the lead management entity for Buffalo Building Reuse Project (BBRP) and Race for Place initiatives, working in collaboration with the City, including the coordination of financial assistance for downtown adaptive re-use projects and public right-of-way improvements. BUDC also serves as the lead management entity for the Ralph Wilson Park transformation.

For financial reporting purposes, BUDC is classified as a governmental entity that is required to comply with accounting standards issued by the Governmental Accounting Standards Board ("GASB") because a majority of its governing body are officials of local governments or appointed by officials of local governments. Under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, BUDC is required to present management's discussion and analysis ("MD&A") to assist readers in understanding BUDC's financial performance.

In compliance with GASB Statement No. 34, we present the attached overview and analysis of the financial activities of BUDC for the years ended December 31, 2025, 2024 and 2023. We encourage readers to consider the information presented here in conjunction with BUDC's audited financial statements.

In 2017, BUDC's financial reporting entity expanded as a result of a tax credit transaction to bring historic tax credits ("HTC") and new markets tax credit ("NMTC") funding to the development project at 683 Northland Avenue (the Project), the location of the Northland Workforce Training Center (Workforce Training Center). The NMTC seven-year compliance period expired on December 31, 2024, and this structure was unwound in January 2025. BUDC is the sole member of Northland NMTC Investment Fund, LLC, holding a \$1,000 equity interest as a result of the NMTC unwind. The HTC compliance period expired in 2025, and the HTC investment structure was also unwound in 2025. The financial reporting entity consists of (a) BUDC (the primary entity), (b) 683 WTC, LLC ("WTC"), of which BUDC is the sole member, and (c) 683 Northland LLC (Northland), of which BUDC is the sole member. All significant intercompany balances and transactions between the three entities are eliminated in the consolidated financial statements.

Basic Overview of the Financial Statements

Included in this Annual Report are the following financial statements:

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

**Buffalo Urban Development Corporation
Management's Discussion and Analysis
December 31, 2025
(Unaudited)**

Financial Highlights

- BUDC's net position increased by 26% from \$87,492,000 in 2024 to \$110,473,000 in 2025.
- BUDC experienced an increase in net position of \$22,981,000 in 2025 compared to an increase of \$2,673,000 in 2024 due mainly to \$16,528,000 of net nonoperating revenue in 2025. Total operating expenses also decreased from 2024 to 2025.
- BUDC's total assets decreased by \$2,118,000 primarily due to a \$9,666,000 decrease in loans receivable and a \$4,021,000 decrease in restricted cash, combined with a \$5,847,000 increase in cash and \$5,092,000 increase in capital assets.
- BUDC's total liabilities decreased \$34,306,000 because of a decrease in long-term liabilities related to loans associated with the NMTC structure.

Condensed Comparative Financial Statements:

1. Statements of Net Position:

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

**Table 1
Consolidated Statements of Net Position at December 31, 2025, 2024 and 2023
(Amounts in thousands)**

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2023</u>
Assets:					
Cash	\$ 11,074	\$ 5,227	\$ 5,847	112%	\$ 16,542
Receivables	2,761	335	2,426	724%	321
Restricted cash	14,324	18,345	(4,021)	-22%	460
Other current assets	4,731	5,192	(461)	-9%	5,749
Loans receivable	-	9,666	(9,666)	-100%	9,666
Lease receivables	5,883	-	5,883	100%	-
Equity investment	1	148	(147)	-99%	155
Capital assets, net	105,865	100,773	5,092	5%	100,962
Right to use asset	-	7,071	(7,071)	100%	7,470
Land and improvements held for sale	788	788	-	0%	788
Total assets	\$ 145,427	\$ 147,545	\$ (2,118)	-1%	\$ 142,113
Liabilities:					
Current liabilities	\$ 25,714	\$ 21,836	\$ 3,878	18%	\$ 16,922
Long-term liabilities	33	38,217	(38,184)	-100%	40,372
Total liabilities	25,747	60,053	(34,306)	-57%	57,294
Deferred inflows of resources	9,207	-	9,207	100%	-
Net position:					
Net investment in capital assets	106,620	87,831	18,789	21%	87,650
Restricted	41	37	4	11%	234
Unrestricted	3,812	(376)	4,188	-1114%	(3,065)
Total net position	\$ 110,473	\$ 87,492	\$ 22,981	26%	\$ 84,819
Total liabilities and net position	\$ 145,427	\$ 147,545	\$ (2,118)	-1%	\$ 142,113

**Buffalo Urban Development Corporation
Management's Discussion and Analysis
December 31, 2025
(Unaudited)**

Cash – Cash increased \$5,847,000 from 2024 to 2025 due to an increase in current liabilities (accounts payable) and an overall decrease in expenses during 2025. \$18,000,000 was passed through to the City of Buffalo under grant agreements related to Ralph Wilson Park. The decrease from 2023 to 2024 was due to decreases in receivables and overall expenses.

Receivables – Receivables include grant and other receivables owed as a result of BUDC's development projects. The increase of \$2,426,000 from 2024 to 2025 is due to an increase in grants earned and not yet received at year end. The decrease from 2023 to 2024 was due to higher grant receipts in 2024.

Restricted cash – Restricted cash includes amounts held by the Erie County Industrial Development Agency (ECIDA) on behalf of BUDC related to the Buffalo Brownfields Redevelopment Fund and amounts received from ESD held in segregated imprest accounts, which may be drawn down upon approval from ESD. The \$4,021,000 decrease from 2024 to 2025 was due to draws on an imprest account for eligible project costs. The increase from 2023 to 2024 was due to the receipt of funding from ESD.

Other current assets – Other current assets include prepaid expenses and other receivables. The \$461,000 decrease from 2024 to 2025, as well as the \$557,000 decrease from 2023 to 2024, is mainly due to the amortization of prepaid rent.

Loan receivable – BUDC provided a \$9,666,000 to an investment fund to leverage NMTC funds in 2017. That loan remained on BUDC's balance sheet until it was forgiven as part of the NMTC unwind in 2025.

Lease receivables – Lease receivables consist of two components: receivables from tenants and a lease receivable recognized by Northland in connection with its leases with commercial tenants. Due to 2025 changes in Northland's ownership structure, this lease receivable is recognized on the consolidated statements.

Capital assets, net – Capital assets net of accumulated depreciation increased \$5,092,000 from 2024 to 2025, primarily due capital asset additions of \$8,633,000 combined with depreciation expense of \$3,544,000. Depreciation outpaced capital asset additions, resulting in a decrease from 2023 to 2024.

Right to use asset – Right to use asset included unamortized lease payments related to base rent under a Master Lease Agreement that was terminated in 2025.

Land and improvements held for sale – Land and improvements held for sale represents property held at BLCP and has been reduced to its net realizable value; estimated by management to be the fair value of the property when sold. No land sales occurred in 2025 or 2024.

Current liabilities – The \$3,878,000 increase in current liabilities from 2024 to 2025 is due mainly to an increase in accounts payable. The increase from 2023 to 2024 was due to an increase in deferred grant revenue.

Long-term liabilities – Long-term liabilities decreased \$38,184,000 from 2024 to 2025 due to the cancellation of \$13,730,000 of promissory notes related to the NMTC unwind and a reduction of the deferred lease liability related to the termination of the Master Lease Agreement. The decrease from 2023 to 2024 was due to a decrease in the deferred lease liability.

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Management's Discussion and Analysis
December 31, 2025
(Unaudited)**

2. Change in Net Position:

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

Table 2
Change in Net Position for the Years ended December 31, 2025, 2024 and 2023
(Amounts in thousands)

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2023</u>
Revenue:					
Grants	\$ 31,781	\$ 37,137	\$ (5,356)	-14%	\$ 31,597
Lease and other revenue	2,145	2,254	(109)	-5%	2,951
Brownfield funds	3	36	(33)	-92%	36
Loan interest	7	97	(90)	-93%	97
Total revenue	33,936	39,524	(5,588)	-14%	34,681
Expenses:					
Development costs	\$ 21,587	\$ 30,403	\$ (8,816)	-29%	\$ 30,901
Adjustment to net realizable value	251	202	49	24%	75
Salaries and benefits	528	496	32	6%	441
General and administrative	1,470	1,545	(75)	-5%	1,742
Management fee	104	157	(53)	-34%	142
Depreciation	3,544	4,007	(463)	-12%	4,138
Total expenses	27,484	36,810	(9,326)	-25%	37,439
Operating income (loss)	6,452	2,714	3,738	138%	(2,758)
Gain on disposal	9	23	(14)	-61%	8
Loss on investment	(1,169)	-	(1,169)	-100%	-
Gain on termination of Master Lease	16,570	-	16,570	100%	-
Payment to minority owners of Northland	(19)	-	(19)	-100%	-
Gain on forgiveness of debt	4,064	-	4,064	100%	-
Loss on assignment from Master Tenant	(2,959)	-	(2,959)	-100%	-
Interest income	46	99	(53)	-54%	126
Interest expense	(13)	(163)	150	-92%	(198)
Change in net position	\$ 22,981	\$ 2,673	\$ 20,308	760%	\$ (2,822)

3. Revenue and Expense Analysis:

Grants – Grant income includes mainly income from the Ralph C. Wilson, Jr. Foundation, Great Lakes Commission, and others for work related to Ralph Wilson Park, and Empire State Development and the U.S. Department of Commerce Economic Development Administration for projects along the Northland Corridor. Grant income is recognized as the related grant expenses are incurred. In 2025, \$21,017,000 of grant revenue was recognized for Ralph Wilson Park and \$10,560,000 for Northland. The decrease of \$5,356,000 from 2024 is due mainly to a decrease in grants and related revenue for Ralph Wilson Park. The increase from 2023 to 2024 was due to increases related to the Northland Corridor.

**Buffalo Urban Development Corporation
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(Unaudited)**

Lease and other revenue – Lease and other revenue included lease income under the Master Lease Agreement for a portion of 2025, lease income from Northland tenants and other income. The decrease of \$109,000 from 2024 was due mainly to the termination of the Master Lease Agreement. The decrease from 2023 to 2024 was due to a brownfield tax credit refund received in 2023.

Development costs – Development costs include those costs related to various BUDC projects but exclude certain BLCF and Northland development costs that are reflected in “adjustment to net realizable value” as discussed below. Development costs decreased from 2023 to 2024 as a result of lower costs related to Ralph Wilson Park as Phase 1 of construction began to wrap up. The decrease of \$8,816,000 in 2025 is the indicative of the end of Phase 1 construction, with Phase 2 to begin in 2026.

Adjustment to net realizable value – The adjustment to net realizable value represents certain Northland and BLCF capitalized development costs. These costs are added to the book value of capital assets and land and improvements held for sale; however an offsetting adjustment is recorded to reduce the net book value to equal the estimated net realizable value of each property.

Salaries and benefits – Salaries and benefits increased by \$32,000 or 6% as a result of salary adjustments and increased benefit costs. The increase from 2023 to 2024 was due to hiring a new employee.

General and administrative – General and administrative costs decreased by \$75,000 or 5%. Included in this category are expenses related to Workforce Training Center prepaid rent amortization, insurance, and professional fees.

Management fee – The management fee represents costs charged for certain ECIDA staff that spend a portion of their time performing financial, compliance, administrative and property management services on behalf of BUDC under a shared services agreement. The \$53,000 or 34% decrease in 2025 is due to asset management fees charged by NMTC and HTC investors being included here in 2024 and 2023.

Depreciation – Depreciation expense decreased \$463,000 from \$4,007,000 in 2024 to \$3,544,000 in 2025. The majority of depreciation expense (\$3,454,000) was related to the building and improvements at 683 Northland Avenue.

Interest income – Interest income decreased \$53,000 or 53% as a result of overall lower cash balances in 2025 than 2024.

Interest expense – Interest expense relates mainly to loans payable by Northland. The \$150,000 decrease in interest expense from 2024 to 2025 is reflective of the cancellation of promissory notes related to the termination of the Master Lease Agreement.

Several nonoperating items occurred in 2025 are a result of the unwind of the NMTC and HTC investment structures and are considered one-time transactions. These line items are reflective of changes in ownership of certain entities, termination of the Master Lease Agreement, and the forgiveness of debt.

**Buffalo Urban Development Corporation
Management's Discussion and Analysis
December 31, 2025
(Unaudited)**

4. Budget Analysis:

Each year, BUDC prepares an operating budget and three-year forecast. BUDC's 2025 budget was approved by the Board of Directors on October 29, 2024. The following table (Table 3) presents an analysis of BUDC's performance compared to the approved 2025 budget.

**Table 3
Budget to Actual Analysis for the year ended December 31, 2025
(Amounts in thousands)**

Note: The original 2025 budget was not amended; therefore, only one budget column is presented.

	<u>Actual</u>	<u>Original Budget</u>	<u>Actual to Budget</u>	
			<u>\$ Change</u>	<u>% Change</u>
Revenue:				
Grants	\$ 31,781	\$ 44,507	\$ (12,726)	-29%
Lease and other revenue	2,145	1,981	164	8%
Brownfield funds	3	10	(7)	-70%
Loan interest	7	-	7	100%
Total revenue	33,936	46,498	23,263	50%
Expenses:				
Development costs	\$ 21,587	\$ 9,638	\$ 11,949	124%
Adjustment to net realizable value	251	-	251	100%
Salaries and benefits	528	514	14	3%
General and administrative	1,470	1,711	(241)	-14%
Management fee	104	114	(10)	-9%
Depreciation	3,544	4,081	(537)	-13%
Total expenses	27,484	16,058	11,426	71%
Operating income (loss)	6,452	30,440	(23,988)	-79%
Gain on disposal	9	-	9	100%
Loss on investment	(1,169)	-	(1,169)	-100%
Gain on termination of Master Lease	16,570	-	16,570	-100%
Payment to minority owners of Northland	(19)	-	(19)	-100%
Gain on forgiveness of debt	4,064	-	4,064	100%
Loss on assignment from Master Tenant	(2,959)	-	(2,959)	-100%
Interest income	46	45	1	2%
Interest expense	(13)	(42)	29	-69%
Change in net position	\$ 22,981	\$ 30,443	\$ (7,462)	-25%

**Buffalo Urban Development Corporation
Management's Discussion and Analysis
December 31, 2025
(Unaudited)**

Budget to Actual Analysis:

Overall, BUDC's change in net position fell short of the budget by \$7,462,000. Grant revenue was \$12,726,000 below budget due to lower than anticipated recognition of grant revenue related to Northland Corridor projects. Lease and other revenue surpassed the budgeted amount by \$164,000 due to the inclusion of a partial year of 683 Northland's lease revenue. Development costs of \$21,587,000 were over budget by \$11,949,000 due to higher than anticipated Ralph Wilson Park grant costs, mostly passed through to the City of Buffalo. General and administrative expenses of \$1,470,000 were below the budget by \$241,000. Interest expense of \$13,000 was \$29,000 below budget due to promissory notes canceled.

5. Economic Factors Impacting BUDC:

BUDC has limited sources of operating funds that can support its ongoing operating costs. As a result, BUDC relies heavily upon future land sales occurring at its BLCF business park and future revenues at the Northland Corridor redevelopment site to support operations.

6. Requests for Information:

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

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

Assets

Current assets

Cash	\$ 11,073,565
Grants receivable	2,760,408
Lease receivables	40,104
Restricted cash	14,324,235
Other current assets	4,730,918

Total current assets	<u>32,929,230</u>
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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>
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Total assets	<u><u>\$ 145,426,379</u></u>
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Liabilities and Net Position

Liabilities

Current liabilities

Accounts payable and accrued expenses	\$ 12,309,321
Unearned revenue - grants	13,404,321

Total current liabilities	<u>25,713,642</u>
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Noncurrent liabilities

Lease liability	33,221
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Total liabilities	<u>25,746,863</u>
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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	40,989
Unrestricted position	3,811,604

Total net position	<u>110,472,859</u>
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Total liabilities and net position	<u><u>\$ 145,426,379</u></u>
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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	\$ 31,781,245
Lease and other revenue	2,145,094
Loan interest	6,981
Brownfield funds	2,924
Total operating revenues	<u>33,936,244</u>
Operating expenses	
Development costs	21,586,704
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>27,483,899</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><u>\$ 110,472,859</u></u>

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 10,457,352

Noncapital financing activities

Payments to minority owners of Northland	(18,500)
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Net cash used by noncapital financing activities (18,500)

Capital and related financing activities

Acquisition and construction of capital assets	(8,615,104)
Repayment of loans	(30,000)

Net cash used in capital and related financing activities (8,645,104)

Investing activities

Change in restricted cash	4,020,285
Interest earned	45,763
Interest paid	(13,009)

Net cash provided by investing activities 4,053,039

Net change in cash 5,846,787

Cash

Beginning of year	<u>5,226,778</u>
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End of year \$ 11,073,565

Reconciliation of operating income to net cash provided (used) by operating activities

Operating income	\$ 6,452,348
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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 \$ 10,457,352

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

Noncash transactions

Grants received but not yet earned

\$ 6,914,121

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), this has been treated as a non major enterprise 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.

The consolidated financial statements do not include Buffalo Brownfield Restoration Corporation as the net assets are not material. Stand alone financials can be obtained by contacting Mollie Profic at BUDC.

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.

c. 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.

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

d. 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.

e. 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.

f. 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:

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

g. 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.

h. 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.

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

i. 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.

j. 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.

k. 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.

l. 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.

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

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.

m. 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.

n. Subsequent Events

The Company's management evaluated events that occurred after December 31, 2025 through March 31, 2026, 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.

Buffalo Urban Development Corporation

Notes to Financial Statements

December 31, 2025

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; 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.

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 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.

Buffalo Urban Development Corporation
Notes to Financial Statements
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:

	<u>January 1, 2025</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2025</u>
Non-depreciable capital assets				
Land	\$ 874,014	\$ -	\$ -	\$ 874,014
Idle buildings and improvements	6,297,633	8,521,740	-	14,819,373
Total non-depreciable capital assets	<u>7,171,647</u>	<u>8,521,740</u>	<u>-</u>	<u>15,693,387</u>
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	<u>93,653,872</u>	<u>(3,460,401)</u>	<u>(21,533)</u>	<u>90,171,888</u>
Total capital assets, net	<u>\$ 100,825,519</u>	<u>\$ 5,061,339</u>	<u>\$ (21,533)</u>	<u>\$ 105,865,275</u>

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 15), 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	\$ 6,074,081
Less: Adjustment to net realizable value (BLCP)	(5,285,869)
Total capital assets, net	<u><u>\$ 788,212</u></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, \$75,000 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. \$2,643,853 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.

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.

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

Grant receivable

EDA	\$ 2,643,853
ESD	75,000
Other	41,555
	<u><u>\$ 2,760,408</u></u>

Unearned revenue

ESD	\$ 11,394,338
Ralph C Wilson Jr. Foundation	332,298
EDA	50,218
Great Lakes Commission	818,978
American Rescue Plan	803,988
Other	4,501
	<u><u>\$ 13,404,321</u></u>

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.

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

8. Accounts Payable and Accrued Expenses

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

Accounts payable	\$ 12,142,097
Accrued payroll	42,408
Tenant security deposits	106,816
Other accrued expenses	18,000
	<u>\$ 12,309,321</u>

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 base and prepaid lease payments. All prepaid rent payments required under the Agreement were made as of December 31, 2022. 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.

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.

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

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, \$319,584 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 \$435,783 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 \$25,045,279 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.

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

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

17. Subsequent Events

Management has evaluated subsequent events through March 31, 2026, 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.

Supplementary Information

**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	2,760,408	-	-	-	2,760,408
Lease receivables	-	-	40,104	-	40,104
Restricted cash	14,217,372	-	106,863	-	14,324,235
Other current assets	4,700,981	-	284,872	254,935	4,730,918
Total current assets	<u>32,195,757</u>	<u>-</u>	<u>988,408</u>	<u>254,935</u>	<u>32,929,230</u>
Noncurrent assets					
Lease receivable	-	-	5,842,662	-	5,842,662
Equity investment	82,052,874	-	-	82,051,874	1,000
Capital assets, net	20,943,979	-	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>\$ 135,980,822</u>	<u>\$ -</u>	<u>\$ 91,752,366</u>	<u>\$ 82,306,809</u>	<u>\$ 145,426,379</u>

See Independent Auditor's Report.

**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	\$ 12,070,421	\$ -	\$ 493,835	\$ 254,935	\$ 12,309,321
Unearned revenue - grant	13,404,321	-	-	-	13,404,321
Total current liabilities	<u>25,474,742</u>	<u>-</u>	<u>493,835</u>	<u>254,935</u>	<u>25,713,642</u>
Noncurrent liabilities					
Deferred lease liability	33,221	-	-	-	33,221
Total liabilities	<u>25,507,963</u>	<u>-</u>	<u>493,835</u>	<u>254,935</u>	<u>25,746,863</u>
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	40,989	-	-	-	40,989
Unrestricted position	88,732,900	-	(2,869,422)	82,051,874	3,811,604
Total net position	<u>110,472,859</u>	<u>-</u>	<u>82,051,874</u>	<u>82,051,874</u>	<u>110,472,859</u>
Total liabilities and net position	<u>\$ 135,980,822</u>	<u>\$ -</u>	<u>\$ 91,752,366</u>	<u>\$ 82,306,809</u>	<u>\$ 145,426,379</u>

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
Operating revenues					
Grant revenue	\$ 31,781,245	\$ -	\$ -	\$ -	\$ 31,781,245
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>32,506,713</u>	<u>-</u>	<u>1,916,085</u>	<u>(486,554)</u>	<u>33,936,244</u>
Operating expenses					
Development costs	21,586,704	-	-	-	21,586,704
Depreciation	83,113	-	3,461,033	-	3,544,146
General and administrative	1,290,550	6,796	172,686	-	1,470,032
Salaries and benefits	519,230	-	8,222	-	527,452
Management fee	98,771	-	5,512	-	104,283
Adjustment to net realizable value	199,965	-	51,317	-	251,282
Total operating expenses	<u>23,778,333</u>	<u>6,796</u>	<u>3,698,770</u>	<u>-</u>	<u>27,483,899</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>

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
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)
Total nonoperating revenues (expenses), net	<u>15,809,013</u>	<u>(3,524,342)</u>	<u>27,309,172</u>	<u>(23,065,386)</u>	<u>16,528,457</u>
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	11,809,617	56,876,887	(67,129,913)	87,492,057
Plus: capital contributions	-	56,632,466	-	(56,632,466)	-
Less: Distributions	-	(64,910,945)	(351,500)	65,262,445	-
Net position - end of year	<u>\$ 110,472,859</u>	<u>\$ -</u>	<u>\$ 82,051,874</u>	<u>\$ (82,051,874)</u>	<u>\$ 110,472,859</u>

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

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	11.307	N/A	\$ -	\$ 4,253,734
Passed through Great Lakes Commission				
Habitat Conservation	11.463	3876	72,260	72,260
Habitat Conservation	11.463	3992	5,075,706	5,110,084
Habitat Conservation	11.463	4231	1,547,729	1,547,729
Total U.S. Department of Commerce			<u>6,695,695</u>	<u>10,983,807</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	44,062	104,062
Total U.S. Department of Treasury			<u>44,062</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>\$ 6,871,880</u>	<u>\$ 11,219,992</u>

The Notes to Schedule of Expenditures of Federal Awards are an integral part of this statement.

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 recognized them as federal expenditures in the current reporting period.

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.



March 31, 2026

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.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the Organization as of and for the year December 31, 2025 and have issue our report thereon dated March 31, 2026, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended December 31, 2025 is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

March 31, 2026

**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	<u> X </u> No
Significant deficiency(ies) identified?	_____ Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes	<u> X </u> No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified?	_____ Yes	<u> X </u> 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	<u> X </u> 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	<u> X </u> No
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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.