

**NIAGARA COUNTY
DEVELOPMENT CORPORATION
A Component Unit of
Niagara County Industrial Development Agency**

FINANCIAL STATEMENTS

DECEMBER 31, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Niagara County Development Corporation

Opinion

We have audited the financial statements of Niagara County Development Corporation (NCDC), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NCDC as of December 31, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NCDC, 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NCDC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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, 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 NCDC'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 NCDC'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.

Additional Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying balance sheets by loan account, statements of activities by loan account, and schedules of each of NCDC's revolving loan accounts are presented for purposes of additional analysis and are 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 additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

March 27, 2024

NIAGARA COUNTY DEVELOPMENT CORPORATION
(a component unit of Niagara County Industrial Development Agency)

Balance Sheets

December 31,	2023	2022
Assets		
Current assets:		
Cash	\$ 2,094,129	\$ 1,627,852
Loans receivable (Note 2)	601,111	628,942
	<u>2,695,240</u>	<u>2,256,794</u>
Noncurrent assets:		
Loans receivable (Note 2)	627,111	1,239,950
Allowance for uncollectible loans (Note 2)	(72,189)	-
	<u>554,922</u>	<u>1,239,950</u>
	<u>\$ 3,250,162</u>	<u>\$ 3,496,744</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable		
Third parties	\$ 3,087	\$ 16,203
NCIDA	39,259	107,838
Refundable advances	-	273,411
	<u>42,346</u>	<u>397,452</u>
Net assets without donor restrictions	<u>3,207,816</u>	<u>3,099,292</u>
	<u>\$ 3,250,162</u>	<u>\$ 3,496,744</u>

NIAGARA COUNTY DEVELOPMENT CORPORATION
(a component unit of Niagara County Industrial Development Agency)

Statements of Activities

For the years ended December 31,	2023	2022
Net assets without donor restrictions		
Revenues and support:		
Interest from loans	\$ 29,131	\$ 37,881
Application fees	-	250
Interest income	7,950	682
Contributions and grants	461,361	2,051,301
Total revenues and support	<u>498,442</u>	<u>2,090,114</u>
Expenses:		
Program services		
Consultants and training	11,102	50,009
Grant expense	254,247	1,731,732
Provisions for uncollectible loans	72,189	-
	<u>337,538</u>	<u>1,781,741</u>
General and administrative		
Administrative fees - NCIDA	9,013	280,169
Professional fees and other	43,367	43,130
	<u>52,380</u>	<u>323,299</u>
Total expenses	<u>389,918</u>	<u>2,105,040</u>
Change in net assets	108,524	(14,926)
Net assets - beginning	<u>3,099,292</u>	<u>3,114,218</u>
Net assets - ending	\$ 3,207,816	\$ 3,099,292

NIAGARA COUNTY DEVELOPMENT CORPORATION
(a component unit of Niagara County Industrial Development Agency)

Statements of Cash Flows

For the years ended December 31,	2023	2022
Operating activities:		
Change in net assets	\$ 108,524	\$ (14,926)
Adjustments to reconcile change in net assets to net operating activities:		
Provision for uncollectible loans	72,189	-
Changes in other assets and liabilities:		
Accounts payable	(81,695)	79,806
Refundable advances	(273,411)	273,411
Net operating activities	(174,393)	338,291
Investing activities:		
Payments collected on loans receivable	827,670	607,470
Loans awarded	(187,000)	-
Net investing activities	640,670	607,470
Net change in cash	466,277	945,761
Cash - beginning	1,627,852	682,091
Cash - ending	\$ 2,094,129	\$ 1,627,852

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Organization

Niagara County Development Corporation (NCDC) is a not-for-profit corporation which promotes economic growth and business prosperity in the County of Niagara, New York (the County). NCDC's function is to make loans at favorable interest rates to small businesses that are located in the County, thus encouraging startup of new businesses and relocation and expansion of existing businesses within the County.

In accordance with governmental accounting standards, NCDC is considered a component unit of Niagara County Industrial Development Agency (NCIDA). NCDC includes the federal funding it receives under the Single Audit Act together with NCIDA.

The membership of NCDC consists of the nine Board members of NCIDA. The governing board approves loans after giving consideration to the major criteria, including enhancement of the economic environment. Normally, these loans are made in conjunction with third-party lender financing through financial institutions. The businesses' assets and personal guarantees of the owners collateralize most of these loans; however, in many instances, NCDC's collateral interest is subordinated to the third-party lender. These loans have variable maturities dependent upon use, such as working capital or equipment acquisition. Interest income is recognized on these loans as it is earned.

Subsequent Events

Subsequent events have been evaluated by management for potential recognition or disclosure in the financial statements through March 27, 2024, the date the financial statements were available to be issued.

Cash

At various times, cash in financial institutions may exceed federally insured limits and subject NCDC to concentrations of credit risk. NCDC has reached agreements with its financial institutions whereby amounts in excess of federal depository coverage are collateralized by investments held by the pledging bank's agent in NCDC's name.

Loans Receivable

Loans receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to net assets and a credit to allowance for uncollectible loans based on its assessment of the current status of individual loans, historical trends, and forecasted economic conditions.

Balances still outstanding after management has used reasonable collection efforts are written off through a charge to allowance for uncollectible loans and a credit to loans receivable.

Interest on loans receivable is accrued as required by the terms of the agreement; management considers that collection is probable based on the current economic condition of the borrower. Interest accrual stops when a loan becomes past due and does not commence again until the loan is current.

Net Assets

NCDC's financial position and activities are reported according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets with donor restrictions are those whose use has been limited by donors for a specific time period, purpose, or to be maintained by NCDC in perpetuity. At December 31, 2023 and 2022, NCDC's financial statements do not include any net assets with donor restrictions.

Revenue Recognition

Contributions

Contributions, including government grants, are reported at fair value at the date the contribution is made. Contributions in the form of grants received from government agencies generally consist of conditional contributions, and the revenue is recognized as NCDC meets required conditions. Any funding received before required conditions are met is reported as a refundable advance on the accompanying balance sheets.

During 2022, NCDC disbursed HUD grants totaling \$1,767,000 as part of the CARES Act to provide subgrants to eligible small businesses. The entire amount was disbursed in 2022 as grants, consulting costs, and administrative fees.

Application Fees

NCDC charges a standard application fee at the time an applicant applies for a loan. Such fees are non-refundable and are recognized as revenue when received.

Income Taxes

NCDC is a 501(c)(4) organization exempt from income taxes under §501(a) of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Revolving Loan Accounts:

NCDC maintains revolving loan accounts that were originally funded through the U.S. Economic Development Administration (EDA) and the U.S. Department of Housing and Urban Development (HUD). The original funding is no longer subject to such federal requirements. NCDC was awarded Coronavirus Aid, Relief, and Economic Security (CARES) Act funds of \$737,000 from EDA and has received \$567,895 through December 31, 2023. NCDC established the Hospitality Emergency Loan Program (HELP) which provides loans to the hospitality industry payable over 60 months with 12 months of interest-only payments and interest at 1.5%.

NCDC also maintains a Microenterprise Revolving Loan Fund, the primary objectives of which are to assist in the establishment and expansion of microenterprise business activities within the County, create employment opportunities for residents with low to moderate income, and preserve and expand the County's tax base.

Loans made to local businesses complement private financing at interest rates ranging from 1.5% to 5.0% and with varying repayment terms. All loans are classified as commercial loans.

The following is a summary of the loans receivable:

	<u>2023</u>	<u>2022</u>
Current status	\$ 1,011,353	\$ 1,768,303
Non-accrual	216,869	100,589
	<u>1,228,222</u>	<u>1,868,892</u>
Less current portion	601,111	628,942
	<u>\$ 627,111</u>	<u>\$ 1,239,950</u>

The allowance for uncollectible loans totaled \$72,189 at December 31, 2023. There was no allowance for uncollectible loans at December 31, 2022.

3. Related Party Transactions:

Administrative Fees

NCIDA charges NCDC administration fees for maintaining and managing the loan portfolio and grant administration. The fees have been computed under applicable guidelines.

Fees are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
EDA Revolving Loan Account	\$ -	\$ 15,393
HUD Revolving Loan Account	-	228,788
Microenterprise Revolving Loan Account	9,013	35,988
	<u>\$ 9,013</u>	<u>\$ 280,169</u>

4. Financial Assets Available for Operations:

NCDC obtains financial assets generally through loan principal and interest repayments. The financial assets are acquired throughout the year to meet NCDC’s cash needs for general expenditures.

NCDC’s financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash	\$ 2,094,129	\$ 1,627,852
Loans receivable – current	601,111	628,942
	<u>\$ 2,695,240</u>	<u>\$ 2,256,794</u>

5. Commitments:

During 2023, NCDC was awarded \$300,000 of Community Development Block Grant funds to provide subgrants to eligible small businesses. As of December 31, 2023, grants of \$24,479 have been disbursed and an additional \$149,521 has been committed to specific projects.

NIAGARA COUNTY DEVELOPMENT CORPORATION
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Additional Information
Balance Sheets - By Loan Account

December 31, 2023

	Revolving Loan Account			Total
	EDA	HUD	Micro Enterprise	
Assets				
Current assets:				
Cash	\$ 1,028,631	\$ 696,906	\$ 368,592	\$ 2,094,129
Loans receivable	386,577	191,502	23,032	601,111
	<u>1,415,208</u>	<u>888,408</u>	<u>391,624</u>	<u>2,695,240</u>
Noncurrent assets:				
Loans receivable	482,754	138,865	5,492	627,111
Allowance for uncollectible loans	(72,189)	-	-	(72,189)
	<u>\$ 1,825,773</u>	<u>\$ 1,027,273</u>	<u>\$ 397,116</u>	<u>\$ 3,250,162</u>
Liabilities and Net Assets				
Current liabilities:				
Accounts payable				
Third parties	\$ -	\$ 2,676	\$ 411	\$ 3,087
NCIDA	10,000	10,000	19,259	39,259
	<u>10,000</u>	<u>12,676</u>	<u>19,670</u>	<u>42,346</u>
Net assets without donor restrictions	<u>1,815,773</u>	<u>1,014,597</u>	<u>377,446</u>	<u>3,207,816</u>
	<u>\$ 1,825,773</u>	<u>\$ 1,027,273</u>	<u>\$ 397,116</u>	<u>\$ 3,250,162</u>

NIAGARA COUNTY DEVELOPMENT CORPORATION
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Additional Information
Statements of Activities - By Loan Account

For the year ended December 31, 2023

	Revolving Loan Account			Total
	EDA	HUD	Micro Enterprise	
Net assets without donor restrictions:				
Revenues and support:				
Interest from loans	\$ 19,747	\$ 8,182	\$ 1,202	\$ 29,131
Interest income	5,847	2,103	-	7,950
Contributions and grants	-	385,102	76,259	461,361
Total revenues and support	25,594	395,387	77,461	498,442
Expenses:				
Program services				
Consultants and training	-	11,102	-	11,102
Grant expense	-	187,000	67,247	254,247
Provision for uncollectible loans	72,189	-	-	72,189
	72,189	198,102	67,247	337,538
General and administrative				
Administrative fees - NCIDA	-	-	9,013	9,013
Professional fees and other	15,456	13,208	14,703	43,367
	15,456	13,208	23,716	52,380
Total expenses	87,645	211,310	90,963	389,918
Change in net assets	(62,051)	184,077	(13,502)	108,524
Net assets - beginning	1,877,824	830,520	390,948	3,099,292
Net assets - ending	\$ 1,815,773	\$ 1,014,597	\$ 377,446	\$ 3,207,816

NIAGARA COUNTY DEVELOPMENT CORPORATION
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Additional Information
Schedule of EDA Revolving Loan Account

For the year ended December 31, 2023

	Loan Closing Date	Loan Balance 01/01/23	Loans Made	Principal Paid	Loans Written Off	Loan Balance 12/31/23	Reserve for Uncollectible Loans	Interest Received
Ashdan Screw Machine Products, Inc.	06/04/09	\$ 8,576	\$ -	\$ 5,646	\$ -	\$ 2,930	\$ -	\$ 301
Lake Effect Ice Cream Wholesale, LLC	08/29/17	49,401	-	20,224	-	29,177	-	1,386
Niagara Shores Campground and Conference Center, LLC	08/14/18	90,978	-	18,789	-	72,189	72,189	2,326
Diverse Development Corp.	07/06/20	33,828	-	12,939	-	20,889	-	419
Falls Hotel LLC	07/06/20	54,835	-	20,307	-	34,528	-	683
Galloping Falls Corp.	07/06/20	16,876	-	6,249	-	10,627	-	210
Kalika Hotel LLC	07/06/20	47,481	-	17,583	-	29,898	-	592
Neelkanth Hotel LLC	07/06/20	43,541	-	16,124	-	27,417	-	542
REHC1 Inc.	07/06/20	111,710	-	41,369	-	70,341	-	1,392
Lewiston Hotel LLC	07/09/20	12,461	-	5,962	-	6,499	-	146
Kasturi Hotel LLC	07/24/20	128,004	-	47,403	-	80,601	-	1,595
Sairam Hotel LLC	07/24/20	69,833	-	28,034	-	41,799	-	925
SAI Lodging LLC	07/27/20	49,848	-	20,011	-	29,837	-	660
Niagara Falls Hospitality, Inc.	10/30/20	34,263	-	11,579	-	22,684	-	435
Jaihanumant, Inc.	10/30/20	86,345	-	31,631	-	54,714	-	1,167
Reena & Aimee, Inc.	10/30/20	64,081	-	21,655	-	42,426	-	813
Har Gange, LLC	11/03/20	21,124	-	6,354	-	14,770	-	251
NCRAS Five, Inc.	11/03/20	17,192	-	5,645	-	11,547	-	219
Shree Ganpati LLC	11/03/20	27,025	-	8,873	-	18,152	-	345
AMBE Corp	11/06/20	10,447	-	2,855	-	7,592	-	114
Wandering Gypsy Brewing Company	11/06/20	162,231	-	25,143	-	137,088	-	3,374
Indian Ocean, LLC	08/31/21	87,613	-	22,884	-	64,729	-	1,157
Rupal Corporation	08/31/21	52,649	-	13,752	-	38,897	-	695
		\$ 1,280,342	\$ -	\$ 411,011	\$ -	\$ 869,331	\$ 72,189	\$ 19,747

NIAGARA COUNTY DEVELOPMENT CORPORATION
(a component unit of Niagara County Industrial Development Agency)

Additional Information
Schedule of HUD Revolving Loan Account

For the year ended December 31, 2023

	Loan Closing Date	Loan Balance 01/01/23	Loans Made	Principal Paid	Loans Written Off	Loan Balance 12/31/23	Reserve for Uncollectible Loans	Interest Received
Daniel McMahon d/b/a MCM Landscaping	09/19/18	\$ 9,611	\$ -	\$ 777	\$ -	\$ 8,834	\$ -	\$ 493
GAM Trucking Corporation	12/12/18	13,208	-	3,929	-	9,279	-	402
LaSalle Hospitality, Inc.	07/06/20	96,934	-	38,913	-	58,021	-	1,284
Merani Hospitality, Inc.	07/06/20	158,048	-	63,446	-	94,602	-	2,093
Merani Holdings, LLC	07/06/20	212,315	-	85,231	-	127,084	-	2,813
Jai Devi Inc.	07/09/20	13,737	-	10,169	-	3,568	-	146
Kabir Group Inc.	07/09/20	21,485	-	8,354	-	13,131	-	195
Deva Development Inc.	07/27/20	26,475	-	10,627	-	15,848	-	351
Griffon Brewing, Inc.	05/05/23	-	187,000	187,000	-	-	-	405
		\$ 551,813	\$ 187,000	\$ 408,446	\$ -	\$ 330,367	\$ -	\$ 8,182

NIAGARA COUNTY DEVELOPMENT CORPORATION
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Additional Information
Schedule of Micro Enterprise Revolving Loan Account

For the year ended December 31, 2023

	Loan Closing Date	Loan Balance 01/01/23	Loans Made	Principal Paid	Loans Written Off	Loan Balance 12/31/23	Reserve for Uncollectible Loans	Interest Received
AMA Enterprises	11/03/16	\$ 3,006	\$ -	\$ 3,006	\$ -	\$ -	\$ -	\$ 34
Legacy Dance Studio, Inc.	01/23/18	20,874	-	1,580	-	19,294	-	832
Caribbean Flava	08/10/18	12,857	-	3,627	-	9,230	-	336
		\$ 36,737	\$ -	\$ 8,213	\$ -	\$ 28,524	\$ -	\$ 1,202

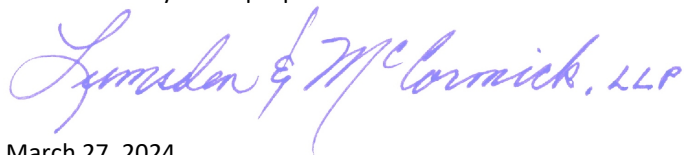
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

The Board of Directors
Niagara County Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of Niagara County Development Corporation (NCDC), a component unit of Niagara County Industrial Development Agency, as of December 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated March 27, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that NCDC failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2023. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding NCDC's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.



March 27, 2024