CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

(A Component Unit of the Town of Cheektowaga, New York)
Financial Statements for the
Years Ended March 31, 2025 and 2024
and Independent Auditors' Reports

Drescher & Malecki
Certified Public Accountants

CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE TOWN OF CHEEKTOWAGA, NEW YORK)
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DRESCHER & MALECKI LLP
2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178

Drescher & Malecki
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cheektowaga Economic Development Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Cheektowaga Economic Development Corporation (the "Corporation"), a component unit of the Town of Cheektowaga, New York, which comprise the statements of financial position as of March 31, 2025 and 2024, 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 the Corporation as of March 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years 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* ("GAS") issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Other Matter

The financial statements of the Corporation for the year ended March 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on October 8, 2024.

Responsibilities of Management for the 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 Corporation'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 and GAS 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 GAS, 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 Corporation'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 Corporation'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2025 on our consideration of the Corporation'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 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 Corporation's internal control over financial reporting and compliance.

Drescher & Malecki LLP

October 23, 2025

BASIC FINANCIAL STATEMENTS

CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the Town of Cheektowaga, New York)
Statements of Financial Position
March 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 583,923	$ 643,112
Loans receivable, net of allowance	110,753	125,689
Total current assets	694,676	768,801
Noncurrent assets:		
Loans receivable, net of allowance	264,491	314,675
Total noncurrent assets	264,491	314,675
Total assets	$ 959,167	$ 1,083,476
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 17,992	$ 26,545
Accrued liabilities	9,462	3,606
Total liabilities	27,454	30,151
Net assets:		
Without donor restrictions	931,713	1,053,325
Total net assets	931,713	1,053,325
Total liabilities and net assets	$ 959,167	$ 1,083,476

The notes to the financial statements are an integral part of these statements.

CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the Town of Cheektowaga, New York)
Statement of Activities
Year Ended March 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Loan interest and penalties	$ 4,829	$ -	$ 4,829
Total revenues	4,829	-	4,829
Expenses:			
Program expenses	110,356	-	110,356
Management and general	16,085	-	16,085
Total expenses	126,441	-	126,441
Change in net assets	(121,612)	-	(121,612)
Net assets—beginning of year	1,053,325	-	1,053,325
Net assets—ending of year	$ 931,713	$ -	$ 931,713

The notes to the financial statements are an integral part of this statement.

CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the Town of Cheektowaga, New York)
Statement of Activities
Year Ended March 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Loan interest and penalties	$ 4,351	$ -	$ 4,351
Total revenues	4,351	-	4,351
Expenses:			
Program services	31,722	-	31,722
Management and general	21,664	-	21,664
Total expenses	53,386	-	53,386
Change in net assets	(49,035)	-	(49,035)
Net assets—beginning of year	1,102,360	-	1,102,360
Net assets—ending of year	$ 1,053,325	$ -	$ 1,053,325

The notes to the financial statements are an integral part of this statement.

CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the Town of Cheektowaga, New York)
Statements of Cash Flows
Years Ended March 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets from operating activities	$ (121,612)	$ (49,035)
Adjustments to reconcile change in net assets from operating activities to net cash (used for) provided by operating activities:		
Decrease in loans receivable, net of allowance	65,120	147,763
(Decrease) increase in accounts payable	(8,553)	26,546
Increase in accrued liabilities	5,856	-
Net cash provided by (used for) operating activities	(59,189)	125,274
Net (decrease) increase in cash and cash equivalents	(59,189)	125,274
Cash and cash equivalents—beginning	643,112	517,838
Cash and cash equivalents—ending	$ 583,923	$ 643,112

The notes to the financial statements are an integral part of this statement.

1. DESCRIPTION OF ORGANIZATION

The Cheektowaga Economic Development Corporation (the "Corporation") was formed on June 10, 1983 pursuant to resolution of the Town Board of the Town of Cheektowaga, New York (the "Town"), as quasi-public local development corporation under the New York Not-For-Profit Corporation Law. The Corporation was intended to combat community deterioration, protect and increase the local tax base, retain and create private sector employment in the municipality and lessen the burdens upon local government by operating a program to retain and attract private sector industry and business to the Town.

The Corporation has been designated by the Town's Community Development Program under the Department of Housing and Urban Development ("HUD") regulation as a subrecipient to carry out community economic development under the Community Development Block Grant Program. Funds have been obligated by the Town under its Community Development Block Grant Program to fund a revolving loan program to be administered by the Corporation, permitting the financing of a portion of the costs of private industrial relocation or expansion taking place within the boundaries of the municipality. Funds generated through the loan program, in the nature of interest and principal payments on loans made, are returned to the loan program and are used for making additional approved loans and payment of administrative costs of the program, as permitted under HUD regulations.

Although legally separate, the Corporation is a component unit of the Town based on the nature and significance of the Corporation's relationship with the Town and the criteria set forth by Governmental Accounting Standards Board ("GASB"). The Corporation is included within the Town's basic financial statements as a blended component unit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The Corporation prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America ("U.S. GAAP") for not-for-profit entities. The significant accounting and reporting policies used by the Corporation are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting—The accounts of the Corporation are maintained on the accrual basis of accounting. As such, revenues are recognized in the period in which they are earned and expenses are recognized in the period in the period in which they are incurred. The significant accounting and reporting policies used by the Corporation are described below to enhance the usefulness and understandability of the financial statements.

Use of Estimates—The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Corporation's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets—The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of donor or grantor imposed restrictions, as follows:

> ***Net Assets Without Donor Restrictions***—Net assets available to support the mission and general operations of the Corporation and not subject to donor (or certain grantor) restrictions.
>
> ***Net Assets With Donor Restrictions***—Net assets subject to donor-imposed (or certain grantor-imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At March 31, 2025 and 2024, the Corporation does not record any net assets with donor restrictions.

Cash, Cash Equivalents and Investments—Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date acquired by the Corporation. At March 31, 2025 and 2024, the Corporation does not report any investments; however, when the Corporation does have investments they are recorded at fair value in accordance with the Financial Accounting Standards Board (the "FASB").

Loans Receivable—Represent amounts owed to the Corporation for economic development loans. Management evaluates an allowance for doubtful accounts and will make adjustments as necessary.

The Corporation writes off loans receivable when there is information that indicates that there is no possibility of collection. If any recoveries are made from any loans receivable previously written off, they will be recognized in income. There were no write-offs for the years ended March 31, 2025 and 2024.

Revenue and Revenue Recognition—Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Tax Status—The Corporation is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code ("IRC"), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). All applicable tax forms for the Corporation have been filed and accepted by the Internal Revenue Service through the year ended March 31, 2025. The tax years ending March 31, 2024, 2023, and 2022 are still open to audit for federal purposes. Contributions to the Corporation are tax deductible to donors under Section 170 of the Internal Revenue Code. The Corporation is not classified as a private foundation.

Contributed Nonfinancial Services—During the years ended March 31, 2025 and 2024, the value of contributed nonfinancial services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the Corporation.

3. CASH AND CASH EQUIVALENTS

The Corporation's investment policies are governed by New York State statutes. All deposits are carried at fair value.

Cash and cash equivalents of the Corporation at March 31, 2025 and 2024 are shown below:

	2025	2024
Cash on deposit	$ 583,923	$ 643,112
Total	$ 583,923	$ 643,112

4. LIQUIDITY AND AVAILABILITY

For the years ended March 31, 2025 and 2024, the Corporation reported cash and cash equivalents of $583,923 and $643,112, respectively, as financial assets available for general expenses that are, without donor or other restrictions limiting their use, within one year of the balance sheet date.

5. CONCENTRATIONS OF RISK

Amounts held in in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation ("FDIC") and Securities Investor Protection Corporation limits. The Corporation has entered into custodial agreements with the banking institution which holds their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at March 31, 2025 as follows:

	Bank Balance	Carrying Balance
FDIC insured	$ 514,215	$ 514,215
Uninsured:		
Collateral held by pledging bank's agent in entity's name	69,708	69,708
Total	$ 583,923	$ 583,923

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. At March 31, 2025 the Corporation's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Corporation's name.

The Corporation's investments are subject to various risks, such as interest rate, credit, and overall market volatility risk. Because of the level of risk inherent in most investments, it is reasonably possible that change in the values of these investments could occur in the near term. Management is of the opinion that the diversification of its invested assets and their investment strategy should mitigate the impact of such changes.

6. LOANS RECEIVABLE AND INTEREST RECEIBVABLE

The Corporations loans receivable are primarily derived from loans to organizations and related interest income. At each statement of financial position date, the Corporation recognized an expected allowance for doubtful accounts. This estimate is calculated on a pooled basis where similar characteristics exist and individually when there are no shared characteristics.

The allowance method is derived from a review of the Corporation's historical losses based on an aging of loans receivable. Historical losses have varied each year. This estimate is adjusted for management's assessment of current conditions, forecasts of future events, and other factors deemed relevant risk factors, such as local and national economic indicators. As a result, management has determined that an allowance for doubtful accounts of $571,382 was necessary at March 31, 2025 and 2024.

Current and noncurrent loans receivable at March 31, 2025 and 2024 consisted of the following:

	March 31,	
	2025	2024
Current:		
Current loans receivable	$ 108,300	$ 125,300
Interest receivable	234,909	232,845
Allowance for doubtful accounts, interest receivable	(232,456)	(232,456)
Total current	$ 110,753	$ 125,689
Noncurrent:		
Loans receivable, less current portion	$ 603,417	$ 653,601
Allowance for doubtful accounts	(338,926)	(338,926)
Total noncurrent	$ 264,491	$ 314,675

Allowance for doubtful accounts is established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability to collect certain receivables.

7. FUNCTIONAL CLASSIFICATION OF EXPENSES

The operating costs, classified by function, of providing the various programs and other activities of the Corporation for the years ended March 31, 2025 and 2024 are shown below:

	Year Ended March 31, 2025		
	Program Expenses	Management and General	Total
Payroll	$ 5,856	$ -	$ 5,856
Professional fees	3,075	15,052	18,127
Business meetings	1,425	-	1,425
Interest	-	131	131
Miscellanous	-	902	902
Program recapture of funds	100,000	-	100,000
Totals	$ 110,356	$ 16,085	$ 126,441

	Year Ended March 31, 2024		
	Program Expenses	Management and General	Total
Payroll	$ 14,319	$ -	$ 14,319
Professional fees	16,925	20,675	37,600
Business meetings	478	-	478
Interest	-	116	116
Miscellaneous	-	873	873
Totals	$ 31,722	$ 21,664	$ 53,386

During the year ended March 31, 2025, the Corporation remitted $100,000 in Community Development Block Grant program funds to the Town of Cheektowaga in accordance with HUD federal regulations, as explained further in Note 9.

8. RELATED PARTY TRANSACTIONS

Walden Commerce Exchange is a joint venture between the Corporation and Ciminelli Development Company, Inc., formed for the purpose of acquiring, developing and leasing or selling certain real property located in the Town. The Corporation accounts for this investment using the equity method of accounting. At March 31, 2025 and 2024, there was no investment balance with regard to the Walden Commerce Exchange under the equity method.

The Corporation provided a loan receivable to Walden Commerce Exchange in 1993. On February 24, 2000, the approved loan amount was amended to $150,000. The balance outstanding on the loan as of March 31, 2025 and 2024 amounted to $130,535. Accrued interest receivable at March 31, 2025 and 2024 amounted to $232,456. Both the loan and interest have been fully allowed.

9. COMMITMENTS AND CONTINGENCIES

HUD Regulations—Under the terms of the Code of Federal Regulations Title 24, §570.902, the Corporation is termed as failing to carry out its CDBG activities in a timely manner if, sixty days prior to the end of the grantee's current program year, the amount of entitlement grant funds available to the recipient under grant agreements but undisbursed by the U.S. Treasury is more than 1.5 times the entitlement grant amount for its current program year. Therefore, periodically, to ensure compliance with HUD federal regulations, the Corporation will return program funds to the Town. During the year ended March 31, 2025 and 2024, the Corporation remitted $100,000 and $0 to the Town in accordance with program regulations, respectively.

Litigation—The Corporation is party to various legal proceedings which normally occur in governmental operations. The Corporation believes that the ultimate liability, if any, in connection with these matters, will not have a material effect on the Corporation's financial condition or results of operations.

Grants—In the normal course of operations, the Corporation receives grant funds from various federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions that are specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the Corporation. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 23, 2025, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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DRESCHER & MALECKI LLP
2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178

Drescher & Malecki
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Cheektowaga Economic 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 the Cheektowaga Economic Development Corporation (the "Corporation"), a component unit of the Town of Cheektowaga, New York, which comprise the statement of financial position as of March 31, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

Drescher & Malecki LLP

October 23, 2025