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**BUFFALO NIAGARA CONVENTION CENTER
MANAGEMENT CORPORATION**

**FINANCIAL STATEMENTS
WITH ADDITIONAL INFORMATION**

December 31, 2025

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Buffalo Niagara Convention Center Management Corporation

Opinion

We have audited the balance sheets of Buffalo Niagara Convention Center Management Corporation (the Center) as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, 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 Center as of December 31, 2025 and 2024, and the changes in 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) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center 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 the Center'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 *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.

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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 Center'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 Center'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying additional information on page 10 is presented for purposes of additional analysis 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April __, 2026 on our consideration of the Center'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 Center'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 Center's internal control over financial reporting and compliance.

April __, 2026

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BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORPORATION

Balance Sheets

December 31,	2025	2024
Assets		
Current assets:		
Cash	\$ 469,296	\$ 760,999
Accounts receivable, net of estimated credit losses of \$1,400 in 2025 and 2024	265,695	445,737
Inventory	36,237	52,545
Prepaid expenses	30,115	30,024
	<u>\$ 801,343</u>	<u>\$ 1,289,305</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 169,291	\$ 318,750
Accrued expenses	157,292	169,298
Deferred revenue	104,152	102,850
	<u>430,735</u>	<u>590,898</u>
Net assets	<u>370,608</u>	<u>698,407</u>
	<u>\$ 801,343</u>	<u>\$ 1,289,305</u>

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BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORPORATION

Statements of Activities

For the years ended December 31,	2025	2024
Revenue and support:		
Governmental support - Erie County (Note 1)	\$ 2,350,000	\$ 2,581,286
Food and beverage sales	3,006,335	3,460,559
Rentals	1,100,050	1,104,970
Other	75,947	78,630
Total revenue and support	6,532,332	7,225,445
Expenses:		
Program services	5,522,735	5,706,779
General and administrative	1,337,396	1,227,748
Total expenses	6,860,131	6,934,527
Change in net assets	(327,799)	290,918
Net assets - beginning	698,407	407,489
Net assets - ending	\$ 370,608	\$ 698,407

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BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORPORATION

Statements of Functional Expenses

For the years ended December 31,

	2025			2024		
	Program Services	General and Administrative	Total	Program Services	General and Administrative	Total
Salaries and wages	\$ 2,407,043	\$ 705,733	\$ 3,112,776	\$ 2,434,765	\$ 622,374	\$ 3,057,139
Payroll taxes	210,797	57,875	268,672	243,348	40,436	283,784
Employee benefits	333,886	91,520	425,406	449,579	108,067	557,646
Total personnel expenses	2,951,726	855,128	3,806,854	3,127,692	770,877	3,898,569
Cost of goods sold	964,689	-	964,689	1,111,387	-	1,111,387
Professional and contracted services	-	208,657	208,657	-	231,017	231,017
Equipment purchases	7,430	825	8,255	-	-	-
Supplies	348,330	30,951	379,281	427,354	41,783	469,137
Telephone	84,794	14,964	99,758	97,217	17,156	114,373
Occupancy	964,771	72,816	1,037,587	726,936	54,678	781,614
Rental and maintenance of equipment	152,499	15,619	168,118	153,705	14,072	167,777
Travel and entertainment	-	30,056	30,056	-	22,354	22,354
Promotion, printing and publications	34,621	1,250	35,871	37,738	14,135	51,873
Dues and subscriptions	-	10,646	10,646	-	4,276	4,276
Laundry, uniforms and cleaning	2,855	951	3,806	11,800	3,933	15,733
Interest	-	3,102	3,102	-	36,047	36,047
Other	11,020	92,431	103,451	12,950	17,420	30,370
Total non-personnel expenses	2,571,009	482,268	3,053,277	2,579,087	456,871	3,035,958
Total	\$ 5,522,735	\$ 1,337,396	\$ 6,860,131	\$ 5,706,779	\$ 1,227,748	\$ 6,934,527

See accompanying notes.

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BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORPORATION

Statements of Cash Flows

For the years ended December 31,

2025

2024

Operating activities:

Change in net assets	\$ (327,799)	\$ 290,918
Adjustments to reconcile change in net assets to net operating activities:		
Changes in other current assets and current liabilities:		
Accounts receivable	180,042	244,173
Inventory	16,308	(3,028)
Prepaid expenses	(91)	33,240
Accounts payable	(149,459)	99,869
Accrued expenses	(12,006)	42,299
Deferred revenue	1,302	51,131
Net operating activities	(291,703)	758,602

Financing activities:

Net payments on short-term borrowings	-	(200,000)
Net change in cash	(291,703)	558,602
Cash - beginning	760,999	202,397
Cash - ending	\$ 469,296	\$ 760,999

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BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORPORATION

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization:

Buffalo Niagara Convention Center Management Corporation (the Center) is a nonprofit corporation organized to operate, manage and promote a convention center facility located in the City of Buffalo, New York (the City) pursuant to an agreement with Erie County, New York (the County). The Center has one class of members which consists of the City and the County.

Buffalo Niagara Convention and Visitors Bureau, Inc. (dba Visit Buffalo) and its affiliated entities are related to the Center through shared administration and common board members. The Center reimbursed Visit Buffalo \$12,000 in fees for shared administrative services in 2025 and 2024.

Governmental Support:

Under the terms of an annual public benefit services contract (service contract) with the County, the Center received subsidies for operations in 2025 and 2024 totaling \$2,350,000 and \$2,581,286, representing 36% of total revenue and support for 2025 and 2024. The service contract also requires the Center to repay the County any surplus funds at the end of the contract year, calculated as the excess of net assets over the 6 months average of operating expenses, based on actual expenses for the 36 months immediately preceding the current year. The Center had no calculated surplus funds for 2025 or 2024.

Funding by the County for the year ending December 31, 2026 will continue in the form of a subsidy to the Center totaling \$2,350,000 under the terms of an agreement executed on March 6, 2026. Funding beyond December 31, 2026 is contingent upon actions taken by the County that are consistent with prior years. The Board and management of the Center believe sufficient funding arrangements will be made timely, so uninterrupted operations will continue beyond that time.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events:

Management has evaluated events and transactions for potential recognition or disclosure through April __, 2026, 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 the Center to concentrations of credit risk.

Inventory:

Inventory consists primarily of food and beverage products and is valued at the lower of first-in, first-out cost or net realizable value.

Equipment:

The Center is operated for the County under a service concession arrangement, defined as an arrangement between a public sector entity grantor and an operating entity under which the operating entity operates the grantor's infrastructure. Consequently, equipment purchases are generally expensed as incurred. Equipment purchases expensed in 2025 totaled \$8,255. There were no equipment purchases expensed in 2024.

Revenue Recognition:

Revenue from food and beverage sales and rentals is recognized when related events occur. Customer payment is generally due within 30 days of an event. Deferred revenue consists of deposits received in advance of scheduled events when required by contract terms.

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for estimated credit loss amounts through a charge to expense and a credit to allowance for estimated credit losses based on its assessment of the current status of individual accounts, historical trends, and existing and forecasted economic conditions. Balances outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

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Sales Tax:

Certain jurisdictions impose a sales tax on the Center's sales to nonexempt customers. The Center collects these taxes from customers and remits the entire amount accordingly. Taxes collected and remitted are excluded from revenues and expenses in the accompanying financial statements.

Functional Allocation of Expenses:

The costs of providing program and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs include personnel expenses, which are allocated on the basis of estimates of time and effort and occupancy expenses, which are allocated on the basis of estimates of usage.

Income Taxes:

The Center is a 501(c)(3) organization exempt from income taxes under Section 501(a) of the Internal Revenue Code.

2. Short-Term Borrowings:

The Center has available a \$400,000 bank demand line of credit for working capital financing with interest payable at prime plus 1½%. The line is secured by essentially all assets of the Center. There were no amounts outstanding at December 31, 2025 and 2024.

The Center's participation in the plans for the years ended December 31, 2025 and 2024 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number. The most recent Pension Protection Act (PPA) zone statuses available in 2025 and 2024 are for the following plan year ends: December 31, 2024 and 2023 for the Service Employees Pension Fund of Upstate NY (Plan 1), and January 31, 2025 and 2024 for the Central Pension Fund of the IUOE & Participating Employers (Plan 2). The zone status is based on information that the Center received from the plans and is certified by the plans' actuaries. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates whether a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date of the collective bargaining agreement to which the plan is subject.

Pension Plan	EIN/Pension Plan Number	PPA Zone Status		FIP/RP Status Pending/Implemented	Center Contributions		Surcharge Imposed	Expiration Date of Participation Agreement
		2025	2024		2025	2024		
Plan 1	16-0908576/001	Green	Green	No	\$ 40,100	\$ 38,700	No	December 31, 2027
Plan 2	36-6052390/001	Green	Green	No	33,400	32,700	No	December 31, 2027
					<u>\$ 73,500</u>	<u>\$ 71,400</u>		

The Center was not listed in any of the Forms 5500, Annual Return/Report of Employee Benefit Plan, as providing more than 5 percent of the total contributions for the plan years ended December 31, 2025 and 2024 and January 31, 2025 and 2024.

3. Retirement Plans:

The Center maintains a noncontributory, defined contribution profit sharing plan covering essentially all nonunion employees. The Center can make discretionary contributions to the plan. Total expense under this plan was \$22,900 for 2025 and \$30,500 for 2024.

The Center also contributes to a defined contribution pension plan covering eligible employees of one union group. Contributions are determined pursuant to the collective bargaining agreement between the Center and the union. Total expense under this plan was \$6,838 for 2025 and \$6,558 for 2024.

The Center's other union employees are covered by defined benefit multiemployer plans pursuant to the terms of collective bargaining agreements. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plans by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Center chooses to stop participating in a multiemployer plan, the Center may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

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4. Contingencies:

The Center is involved in legal proceedings, which in the opinion of management, will not have a material adverse impact on the financial position of the Center.

5. Financial Resources Available for Operations:

The Center obtains financial assets generally through governmental support, food and beverage sales, and rentals. The financial assets are acquired throughout the year to help meet the Center's cash needs for general expenditures. If necessary, the Center also has access to a \$400,000 bank demand line of credit (Note 2).

The Center'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:

	<u>2025</u>		<u>2024</u>
Cash	\$ 469,296	\$	760,999
Accounts receivable	265,695		445,737
	<u>\$ 734,991</u>	\$	<u>1,206,736</u>

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BUFFALO NIAGARA CONVENTION CENTER MANAGEMENT CORPORATION

Additional Information
Schedule of Contractual Surplus

For the year ended December 31, 2025

Net assets	\$ 370,608
Working capital, as defined in agreement with County of Erie dated March 18, 2025	<u>3,221,098</u>
Contractual surplus (deficit)	<u>\$ (2,850,490)</u>

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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*

The Board of Directors
Buffalo Niagara Convention Center Management Corporation

We have audited, in accordance with 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, the balance sheet of Buffalo Niagara Convention Center Management Corporation (the Center) as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April __, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing the 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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. As described below, we did identify a deficiency in internal control that we consider to be a significant deficiency.

Separation of Duties

Separation of duties, defined as the involvement of more than one person in processing related transactions, is an important element of internal control. Often in an organization with a small accounting office, the review and approval process is used to provide oversight when one person is responsible for or has access to many aspects of related transactions. During our audit, we noted lack of documented review and approval on bank statements, bank reconciliations and payroll reports.

We recommend the Center review current job duties and responsibilities, reassigning as appropriate, to optimize separation of duties.

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Management Response

Though many improvements have occurred, we realize that there is still an issue regarding separation of duties. The Center is confident it will be able to identify and reassign duties in an effort to correct this deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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*.

Management's Response to Findings

The Center's response to the finding identified in our audit is described in the Report on Internal Control Over Financial Reporting. The Center's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion on the Center's response.

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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

April __, 2026