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MANAGEMENT LETTER

April 8, 2026

The Board of Directors
Buffalo Arts and Technology Center, Inc.

In planning and performing our audit of the financial statements of Buffalo Arts and Technology Center, Inc. (the Center) as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United Stated of America, we considered the Center'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 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible* – the chance of the future event or events occurring is more than remote but less than likely.

- *Probable* – the future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the use of the Board of Directors and management of the Center and is not intended to be, and should not be, used by anyone other than these specified parties.

Lumsden & McCormick, LLP

BUFFALO ARTS AND
TECHNOLOGY CENTER, INC.

FINANCIAL STATEMENTS
WITH ADDITIONAL INFORMATION

December 31, 2025

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Buffalo Arts and Technology Center, Inc.

Opinion

We have audited the balance sheets of Buffalo Arts and Technology Center, Inc. (the Center) as of December 31, 2025 and 2024, and the related statements of activities, cash flows, and functional expenses 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 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 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 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 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 additional information on pages 10 through 12 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 audits 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 taken as a whole.

Lumsden & McCormick, LLP

April 8, 2026

Balance Sheets

December 31,		2025		2024
Assets:				
Cash	$	1,373,289	$	1,318,506
Certificates of deposit		-		250,000
Contributions receivable (Note 2)		1,464,517		1,853,229
Prepaid expenses and other		41,271		6,669
Property and equipment, net (Note 3)		339,657		354,229
Right of use assets - leases (Note 5)		4,176,165		4,564,091
Deferred compensation plan (Note 6)		60,749		50,851
	$	7,455,648	$	8,397,575
Liabilities and Net Assets:				
Liabilities:				
Accounts payable	$	39,140	$	85,643
Accrued expenses		72,261		44,785
Refundable advances		102,304		59,604
Lease liabilities (Note 5)		4,246,030		4,574,469
Deferred compensation plan (Note 6)		60,749		50,851
		4,520,484		4,815,352
Net assets (Note 7):				
Without donor restrictions		964,766		838,830
With donor restrictions		1,970,398		2,743,393
		2,935,164		3,582,223
	$	7,455,648	$	8,397,575

See accompanying notes.

Statements of Activities

For the years ended December 31,

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:						
Contributions:						
Foundations and others	$ 545,147	$ 234,295	$ 779,442	$ 609,636	$ 401,854	$ 1,011,490
Capital campaign	141,264	1,105,250	1,246,514	293,434	1,662,033	1,955,467
Government awards	312,260	-	312,260	921,337	-	921,337
In-kind (Note 3)	-	-	-	81,125	-	81,125
Special events	7,500	-	7,500	7,856	-	7,856
Interest and other income	20,508	-	20,508	29,292	-	29,292
Loss on disposal of property and equipment (Note 3)	-	-	-	(437,853)	-	(437,853)
Net assets released from restrictions	2,112,540	(2,112,540)	-	635,676	(635,676)	-
Total revenues	3,139,219	(772,995)	2,366,224	2,140,503	1,428,211	3,568,714
Expenses:						
Program	1,674,629	-	1,674,629	1,630,602	-	1,630,602
Administrative	957,030	-	957,030	721,556	-	721,556
Fundraising	381,624	-	381,624	175,665	-	175,665
Total expenses	3,013,283	-	3,013,283	2,527,823	-	2,527,823
Change in net assets	125,936	(772,995)	(647,059)	(387,320)	1,428,211	1,040,891
Net assets - beginning	838,830	2,743,393	3,582,223	1,226,150	1,315,182	2,541,332
Net assets - ending	$ 964,766	$ 1,970,398	$ 2,935,164	$ 838,830	$ 2,743,393	$ 3,582,223

See accompanying notes.

Statements of Cash Flows

For the years ended December 31,	2025	2024
Operating activities:		
Change in net assets	$ (647,059)	$ 1,040,891
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	44,742	99,567
Donated property and equipment	-	(81,125)
Loss on disposal of property and equipment	-	437,853
Noncash lease expense	59,108	10,206
Contributions restricted for long-term purposes	(1,227,389)	(565,566)
Changes in operating assets and liabilities:		
Contributions receivable	654,962	(882,107)
Prepaid expenses and other	(34,602)	44,641
Accounts payable	(46,503)	9,069
Accrued expenses	27,476	29,296
Refundable advances	42,700	59,604
Net operating activities	(1,126,565)	202,329
Investing activities:		
Property and equipment expenditures	(23,671)	(281,706)
Purchase of certificates of deposit	-	(250,000)
Proceeds from maturity of certificates of deposit	250,000	352,107
Net investing activities	226,329	(179,599)
Financing activities:		
Proceeds from contributions restricted for long-term purposes	961,139	167,566
Principal payments on lease liabilities	(6,120)	(1,995)
Net financing activities	955,019	165,571
Net change in cash	54,783	188,301
Cash - beginning	1,318,506	1,130,205
Cash - ending	$ 1,373,289	$ 1,318,506

See accompanying notes.

Statements of Functional Expenses

For the years ended December 31,

	2025				2024			
	Program	Administrative	Fundraising	Total	Program	Administrative	Fundraising	Total
Salaries	$ 688,913	$ 522,908	$ 209,283	$ 1,421,104	$ 729,890	$ 450,543	$ 92,551	$ 1,272,984
Payroll taxes	56,163	42,629	17,061	115,853	60,817	37,541	7,711	106,069
Employee benefits	68,763	52,194	20,889	141,846	63,758	39,356	8,084	111,198
Total salaries and related expenses	813,839	617,731	247,233	1,678,803	854,465	527,440	108,346	1,490,251
Contracted services	10,864	134,725	50,621	196,210	158,279	47,708	1,244	207,231
Student certifications and related	127,973	-	-	127,973	160,311	-	-	160,311
Program supplies	78,010	-	-	78,010	52,273	-	-	52,273
Technology	3,685	5,859	-	9,544	-	-	-	-
Field trips	14,546	-	-	14,546	7,702	-	-	7,702
Food	14,126	-	-	14,126	14,406	-	-	14,406
Staff development	-	1,627	-	1,627	-	1,903	-	1,903
Dues and membership	-	4,347	-	4,347	-	7,687	-	7,687
Rent	499,927	59,713	10,388	570,028	218,048	13,623	5,335	237,006
Utilities	9,714	1,160	202	11,076	17,854	1,115	437	19,406
Janitorial expense	29,643	3,541	616	33,800	21,716	1,357	531	23,604
Repairs and maintenance	8,121	970	169	9,260	8,981	561	220	9,762
Insurance	23,842	2,848	495	27,185	24,251	1,515	593	26,359
Office expense	211	40,690	4,674	45,575	266	24,272	307	24,845
Marketing and public relations	-	-	46,791	46,791	-	-	47,135	47,135
Professional fees	-	38,858	-	38,858	-	38,754	-	38,754
Uncollectible contributions	-	19,440	-	19,440	-	-	-	-
Miscellaneous	888	20,834	19,620	41,342	447	49,898	9,276	59,621
	1,635,389	952,343	380,809	2,968,541	1,538,999	715,833	173,424	2,428,256
Depreciation and amortization	39,240	4,687	815	44,742	91,603	5,723	2,241	99,567
Total expenses	$ 1,674,629	$ 957,030	$ 381,624	$ 3,013,283	$ 1,630,602	$ 721,556	$ 175,665	$ 2,527,823

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization:

Buffalo Arts and Technology Center, Inc. (the Center) is a nonprofit corporation organized to deliver career training in health, technology, and agricultural fields to un - and underemployed adults and offers an afterschool arts and technology program for high school youth focused on college and career preparation.

Cash:

Cash balances in financial institutions may exceed federally insured limits at various times and subject the Center to concentrations of credit risk.

Certificates of Deposit:

Bank certificates of deposits with original maturities of 12 months matured in 2025.

Property and Equipment:

Property and equipment is stated at cost at the date of purchase or fair market value at the date of donation, net of accumulated depreciation. Depreciation is provided over estimated useful asset lives using the straight-line method. Repairs and maintenance are charged to operations as incurred; significant improvements are capitalized.

Contributions:

Unconditional contributions are reported at fair value at the date the contribution is made or pledged. Contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are reported as revenue without donor restrictions.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using an appropriate interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contributions revenue.

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Any adjustment to expected receipts is reported as an expense (or loss) in the net asset classification of the originating contribution.

Conditional contributions, primarily government awards, are recorded as revenue when the Center meets requirements in compliance with specific agreements. Amounts received before the required conditions are met are reported as refundable advances on the accompanying balance sheets. As of December 31, 2025, the Center has been awarded, but not yet received, conditional contributions totaling approximately $302,000, which will be recognized when qualifying conditions are met.

In 2024, in conjunction with its move to a new facility, the Center embarked on a capital campaign to raise funds to support the Center's occupancy and related capital costs, program expansion, and sustainability of the Center through program reserves and creation of an endowment fund.

Approximately 40% of the Center's revenue was derived from two funding sources for the year ended December 31, 2024.

Net Assets:

The Center's financial position and activities are reported according to two classes of net assets: net assets without donor restrictions and net assets with 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 the Center in perpetuity.

Tax Status:

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

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.

Functional Expense Allocation:

The Center's costs of providing its 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 depreciation and amortization and certain occupancy costs which are allocated on an estimated square footage basis, as well as salaries, payroll taxes and employee benefits, which are allocated on the basis of management's estimates of time and effort.

Subsequent Events:

The Center has evaluated events and transactions for potential recognition or disclosure through April 8, 2026, the date the financial statements were available to be issued.

2. Contributions Receivable:

	2025	2024
Capital campaign	$ 1,205,083	$ 1,314,173
Government awards	258,848	492,105
Foundations and other	85,100	131,150
	1,549,031	1,937,428
Less allowance for uncollectible receivables	19,440	-
Less unamortized discount	65,074	84,199
	$ 1,464,517	$ 1,853,229
Amounts due in:		
Less than one year	$ 820,758	$ 1,165,137
One to five years	728,273	772,291
	$ 1,549,031	$ 1,937,428

3. Property and Equipment:

	2025	2024
Leasehold improvements	$ 18,758	$ 18,758
Furniture and fixtures	224,848	224,848
Equipment	414,740	391,069
	658,346	634,675
Less accumulated depreciation	318,689	280,446
	$ 339,657	$ 354,229

In 2024, the Center moved to a new location and occupied the facility under a lease agreement (Note 5). Accordingly, the Center disposed of leasehold improvements from its previous location and recognized a loss of $437,853 for the year ended December 31, 2024.

Additionally, in 2024, the Center received an in-kind contribution of furniture and fixtures totaling $81,125. The fair value of the donated furniture and fixtures was based on the estimated cost as if purchased by the Center at the date of donation.

Depreciation expense totaled $38,243 and $97,400 for the years ended December 31, 2025 and 2024.

4. Short-Term Borrowings:

The Center has available a $125,000 bank demand line of credit with interest payable at prime plus 3.5%, secured by essentially all assets of the Center. No amounts were outstanding at December 31, 2025 and 2024.

5. Lease Obligations:

In October 2023, the Center entered into an agreement to lease office space, which commenced in November 2024, under the terms of an operating lease. Prior to November 2024, the Center leased office space on a month-to month basis.

At inception of lease arrangements with vendors, the Center determines whether the contract is or contains a lease based on each party's rights and obligations under the arrangement. Lease liabilities and corresponding right of use (ROU) assets are recorded based on the present value of the minimum future lease payments. If the lease arrangement also contains non-lease components, the Center elected the practical expedient not to separate any combined lease and non-lease components for all lease contracts.

The present value of the Center's operating lease liability was calculated using a risk-free rate of 4.33% at the time of lease commencement. As of December 31, 2025 and 2024, the operating ROU asset totaled $4,152,332 and $4,533,759, and the lease liability totaled $4,221,645 and $4,543,964.

Additionally, in September 2024, the Center entered into an agreement to lease certain equipment under terms of a financing lease. The present value of the Center's finance lease liability was calculated using a risk-free rate of 3.49% at the time of lease commencement. As of December 31, 2025 and 2024, the financing ROU assets totaled $23,833 and $30,332, and the lease liabilities totaled $24,385 and $30,505.

When applicable, leases with expected durations of 12 months or less from inception (i.e. short-term leases) are excluded from the Center's calculation of its lease liabilities and ROU assets.

The following is a summary of the Center's total lease costs, including amounts under short-term lease agreements, for the years ended December 31:

	2025	2024
Operating lease cost	**$ 570,028**	$ 237,006
Financing lease cost:		
Interest on lease liabilities	**948**	363
Amortization of right of use assets	**6,499**	2,167
	$ 577,475	$ 239,536

The following is a summary of cash paid for amounts included in the measurement of lease liabilities for the years ended December 31:

	2025	2024
Operating cash flows used for operating lease	**$ 510,920**	$ 42,400
Operating cash flows used for interest payments	**948**	363
Financing cash flows used for principal payments	**6,120**	1,995
	$ 517,988	$ 44,758

The following is a summary of the Center's maturity of its operating and financing lease liabilities at December 31, 2025:

	Operating Lease	**Financing Leases**	**Total**
2026	**$ 523,693**	**$ 7,068**	**$ 530,761**
2027	**536,785**	**7,068**	**543,853**
2028	**550,205**	**7,068**	**557,273**
2029	**563,960**	**4,123**	**568,083**
2030	**578,059**	**-**	**578,059**
Thereafter	**2,351,859**	**-**	**2,351,859**
	5,104,561	**25,327**	**5,129,888**
Amounts representing interest	**882,916**	**942**	**883,858**
Net liability	**$ 4,221,645**	**$ 24,385**	**$ 4,246,030**

As of December 31, 2025, the weighted average remaining lease term was 8.7 years.

6. Retirement Plans:

The Center maintains a defined contribution 401(k) retirement plan covering essentially all employees. Employer contributions represent a 5% match of employee elective deferrals which totaled $48,619 and $45,511 for the years ended December 31, 2025 and 2024.

The Center also maintains a deferred compensation plan in accordance with section 457(b) of the Internal Revenue Code, which covers certain management employees. Funds available under this plan at December 31, 2025 and 2024 totaled $60,749 and $50,851

7. Net Assets:

As of December 31, 2025, the Board of Directors has designated $117,319 of net assets without donor restrictions for future reserve and quasi-endowment purposes.

Net assets with donor restrictions are subject to the following purposes or periods as of December 31:

	2025	2024
Program support and initiatives	**$ 552,416**	$ 2,398,644
Capital and occupancy	**1,360,732**	344,749
Passage of time	**57,250**	-
	$ 1,970,398	$ 2,743,393

8. Financial Assets Available for Operating Purposes:

The Center obtains financial assets generally through contributions and fundraising efforts. The financial assets are acquired throughout the year to help meet the Center's cash needs for program and general expenditures. If necessary, the Center also has access to a $125,000 bank demand line of credit (Note 4).

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:

	2025	2024
Cash	**$ 1,373,289**	$ 1,318,506
Certificates of deposit	**-**	250,000
Contributions receivable	**1,464,517**	1,853,229
	2,837,806	3,421,735
Less net assets restricted by donors	**1,970,398**	2,743,393
	$ 867,408	$ 678,342

Additional Information
Schedule of Financial Responsibility

As of and for the year ended December 31, 2025

Primary Reserve Ratio:

	Expendable Net Assets:		
=	Net assets without donor restrictions	$ 964,766	1
+	Net assets with donor restrictions	1,970,398	1
-	Secured and unsecured related party receivable	-	4
	Property and equipment, net		
	Property and equipment - pre-implementation	-	3
	Property and equipment - post-implementation (with debt)	-	4
	Property and equipment - post-implementation (without debt)	339,657	3
	Construction in progress (without debt)	-	4
-	Total property and equipment, net	339,657	1
	Lease right-of-use assets, net		
	Lease right-of-use assets, pre-implementation	-	4
	Lease right-of-use assets, post-implementation	4,176,165	1
-	Total lease right-of-use assets, net	4,176,165	1
-	Intangible assets	-	4
+	Post-employment and pension liabilities	-	4
	Debt		
	Debt, pre-implementation	-	4
	Debt, post-implementation	-	4
	Line of credit for construction in progress	-	4
+	Total debt	-	4
	Lease right-of-use asset liabilities (not to exceed right-of-use assets, net)		
	Pre-implementation right-of-use asset liabilities	-	4
	Post-implementation right-of-use asset liabilities	4,176,165	1
-	Total lease right-of-use asset liabilities	4,176,165	1
-	Annuities with donor restrictions	-	4
-	Term endowments with donor restrictions	-	4
-	Life income funds with donor restrictions	-	4
-	Net assets with donor restrictions: restricted in perpetuity	-	4
	Total Expendable Net Assets	**$ 2,595,507**	
	Total Expenses and Losses:		
	Total expenses without donor restrictions	$ 3,013,283	2
	Non-operating and net investment loss	-	4
	Net investment losses	-	4
	Pension-related changes other than net periodic costs	-	4
	Total Expenses and Losses	**$ 3,013,283**	

1 Balance Sheets
2 Statements of Activities
3 Notes to Schedule of Financial Responsibility
4 Not Applicable

Additional Information
Schedule of Financial Responsibility, continued

As of and for the year ended December 31, 2025

Equity Ratio:			
Modified Net Assets:			
=	Net assets without donor restrictions	$ 964,766	[1]
+	Net assets with donor restrictions	1,970,398	[1]
-	Intangible assets	-	[4]
-	Unsecured related party receivables	-	[4]
	Total Modified Net Assets	**$ 2,935,164**	
Modified Assets:			
=	Total assets	$ 7,455,648	[1]
-	Lease right-of-use asset pre-implementation	-	[4]
+	Pre-implementation right-of-use asset liability	-	[4]
-	Intangible assets	-	[4]
-	Unsecured related party receivables	-	[4]
	Total Modified Assets	**$ 7,455,648**	
Net Income Ratio:			
	Change in net assets without donor restrictions	$ 125,936	[2]
	Total revenue and gains without donor restrictions	$ 3,139,219	[2]

[1] Balance Sheets
[2] Statements of Activities
[3] Notes to Schedule of Financial Responsibility
[4] Not Applicable

Notes to Schedule of Financial Responsibility

The following information as of and for the year ended December 31, 2025 is required by the Bureau of Proprietary School Supervision as supplemental support for the Schedule of Financial Responsibility as it is not presented in the basic financial statements.

Components of property and equipment, net:

Property and equipment pre-implementation at December 31, 2024	$ -
Less: Disposals in 2025 on property and equipment pre-implementation	-
Less: Depreciation expense in 2025 on property and equipment pre-implementation	-
Property and equipment pre-implementation	-
Plus: Post-implementation property and equipment (without debt)	339,657
Plus: Construction in progress (without debt)	-
Total property and equipment, net	**$ 339,657**