

THE CHEEKTOWAGA ECONOMIC
DEVELOPMENT CORPORATION

Financial Statements

March 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Cheektowaga Economic Development Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Cheektowaga Economic Development Corporation (the Corporation) (a nonprofit organization) which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Cheektowaga Economic Development Corporation as of March 31, 2022 and 2021, 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 audits 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. 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 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 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 within one year after the date that the financial statements are available to be 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 generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2022, 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 the Corporation'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 Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
November 9, 2022

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
 Statements of Financial Position
 March 31, 2022 and 2021

	<u>Assets</u>	<u>2022</u>	<u>2021</u>
Cash:			
Checking account		\$ 56,425	344,702
Savings account		<u>172,834</u>	<u>172,817</u>
Total cash		<u>229,259</u>	<u>517,519</u>
Certificates of deposit		<u>135,954</u>	<u>135,429</u>
Accrued interest receivable less allowance for doubtful accounts of \$232,456 in 2022 and 2021		<u>205</u>	<u>903</u>
Loans receivable:			
Gordon Companies, Inc.		534,667	182,905
Latina Boulevard Foods, LLC		59,837	160,541
Speed Motor Express of Western New York Inc.		52,582	55,004
Hanzlian Sausage, Inc.		<u>125,264</u>	<u>149,808</u>
Total loans receivable		<u>772,350</u>	<u>548,258</u>
Total assets		<u>\$ 1,137,768</u>	<u>1,202,109</u>
<u>Liabilities and Net Assets</u>			
Liabilities - accounts payable and accrued expenses		11,765	41,451
Net assets without donor restrictions		<u>1,126,003</u>	<u>1,160,658</u>
Total liabilities and net assets		<u>\$ 1,137,768</u>	<u>1,202,109</u>

See accompanying notes to financial statements.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
 Statements of Activities
 Years ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue:		
Loan interest	\$ 3,480	8,673
Miscellaneous	<u>6,492</u>	<u>1,802</u>
Total revenue	<u>9,972</u>	<u>10,475</u>
Expenses:		
Program services	23,210	25,056
Management and general	<u>21,417</u>	<u>17,205</u>
Total expenses	<u>44,627</u>	<u>42,261</u>
Change in net assets without donor restrictions	(34,655)	(31,786)
Net assets without donor restrictions at beginning of year	<u>1,160,658</u>	<u>1,192,444</u>
Net assets without donor restrictions at end of year	<u>\$ 1,126,003</u>	<u>1,160,658</u>

See accompanying notes to financial statements.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
Statement of Functional Expenses
Year ended March 31, 2022
with comparative totals for 2021

	Program	Management and	Total	
	<u>services</u>	<u>general</u>	<u>2022</u>	<u>2021</u>
Payroll	\$ 16,701	-	16,701	14,935
Professional fees	-	12,921	12,921	15,573
Consulting	6,202	-	6,202	10,121
Business meetings	307	-	307	-
Interest	-	5,839	5,839	-
Miscellaneous	-	2,657	2,657	1,632
Total expenses	<u>\$ 23,210</u>	<u>21,417</u>	<u>44,627</u>	<u>42,261</u>

See accompanying notes to financial statements.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
Statement of Functional Expenses
Year ended March 31, 2021

	<u>Program services</u>	<u>Management and general</u>	<u>Total</u>
Payroll	\$ 14,935	-	14,935
Professional fees	-	15,573	15,573
Consulting	10,121	-	10,121
Miscellaneous	-	1,632	1,632
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 25,056</u>	<u>17,205</u>	<u>42,261</u>

See accompanying notes to financial statements.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
 Statements of Cash Flows
 Years ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets without donor restrictions	\$ (34,655)	(31,786)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by (used in) operating activities:		
Principal payments on loans receivable	175,908	149,161
Loan granted during the year	(400,000)	(150,000)
Changes in:		
Accounts receivable - due from New York State	-	100,000
Accrued interest receivable	698	-
Accounts payable and accrued expenses	(29,686)	14,580
Accounts payable - Town of Cheektowaga	-	(30,232)
Net cash provided by (used in) operating activities	(287,735)	51,723
Cash flows from investing activities - net increase in certificates of deposit	(525)	-
Net change in cash	(288,260)	51,723
Cash at beginning of year	517,519	465,796
Cash at end of year	\$ 229,259	517,519

See accompanying notes to financial statements.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 2022 and 2021

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

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 a 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 sub-recipient 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.

(b) Basis of Presentation

The Corporation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Corporation's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Corporation. The Corporation had only net assets without donor restrictions in 2022 and 2021.

(c) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Cash

For purposes of the statements of cash flows, the Corporation considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(e) Concentrations of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and equivalent accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

(f) Loans Receivable and Allowance for Doubtful Loans

Loans receivable are stated at their principal amount outstanding, less an allowance for doubtful loans. Interest income and commitment fees on loans are accrued as earned. The allowance for doubtful loans is established through charges against current operations and is maintained at a level which management considers adequate to provide for potential loan losses based on their evaluation of past loan experience, current economic conditions and known risks in the loan portfolio. Interest is not accrued on loans receivable when management believes that the borrower's financial condition, after giving consideration to economic and business conditions and collection efforts, is such that collection of interest is doubtful. In such cases, interest is recognized on a cash basis when collection occurs.

(g) Expense Allocation

The Corporation operates a program to retain and attract private sector industry and business to the Town. All expenses related to providing these services have been allocated to program services with the exception of certain components of administrative expense. Administrative expense is allocated based on direct usage.

(h) Contributed Services

During the years ended March 31, 2022 and 2021, the value of contributed 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.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Income Taxes

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code); therefore, no provision for income taxes is reflected in the financial statements. The Corporation has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Corporation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Corporation has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Corporation are subject to examination by taxing authorities.

(j) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences on a national, regional and local level are unknown, but have the potential to result in a significant economic impact. The impact of this situation on the Corporation and its future results and financial position is not presently determinable.

(2) Liquidity

The Corporation has \$229,259 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2022 statement of financial position.

(3) Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(3) Fair Value Measurements, Continued

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(4) Certificates of Deposit

Certificates of deposit at March 31, 2022 and 2021 are considered to be level 2 assets as described in note 3 and consist of the following:

	<u>2022</u>	<u>2021</u>
0.03% due January 22, 2023	\$ 135,954	-
0.05% due December 22, 2021	<u>-</u>	<u>135,429</u>
	<u>\$ 135,954</u>	<u>135,429</u>

(5) Concentrations of Credit Risk

The Corporation provides funds under a revolving loan program to businesses located within the boundaries of the municipality of Cheektowaga, New York. The Corporation performs ongoing credit evaluations of its loans receivable and substantially all loans require collateral (note 6).

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements, Continued

(6) Loans Receivable

Loans receivable at March 31, 2022 and 2021 are considered to be level 3 assets as described in note 3 and consist of the following:

	<u>2022</u>	<u>2021</u>
<u>Walden Commerce Exchange (Note 7)</u>		
<p>The original amount of this loan, issued May 26, 1993, was \$100,000 and was later amended to \$150,000; however, at March 31, 2022, only \$130,535 has been disbursed. The loan is unsecured and bears interest at a rate of 2% in excess of the prime rate offered by a local bank. The note is payable on demand. During 2019, an allowance for doubtful accounts was established for the entire loan balance.</p>	\$ -	-
<u>Gordon Companies, Inc.</u>		
<p>The original amount of this loan, issued February 7, 2013, was \$300,000, and is secured by a collateral security mortgage on the property, a general security interest in other assets, proceeds of all life insurance policies, and the personal guarantee of the company's owner. The life insurance interest is subordinate to the interests in the proceeds and shall be granted in favor of Five Star Bank and Amazon Capital Services, Inc. The note bears interest at .5% per annum. The note had an original term of 5 years and was payable in monthly installments of \$1,314 with a balloon payment of \$227,788 due by March 31, 2018. In November 2017 this loan was extended another 5 years. On September 30, 2021, another loan was issued in the amount of \$400,000. The note bears interest at .5% per annum. The note has a term of 5 years and is payable in monthly installments of \$6,752.</p>	534,667	182,905
<u>930 Bailey Avenue, LLC</u>		
<p>The original amount of this loan, issued April 4, 2012, was \$500,000, and is secured by a collateral security mortgage on the property, and a corporate security interest in other assets of the company. The collateral security mortgage is subordinate to the interests in the proceeds and shall be granted in favor of a local bank. The note bears interest at .5% per annum. The note has a term of 5 years and is payable in monthly installments of \$8,440. During 2020, an allowance for doubtful accounts was established for the entire loan balance.</p>	-	-

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(6) Loans Receivable, Continued

	<u>2022</u>	<u>2021</u>
<u>Buffalo Bread Company, Inc.</u>		
The original amount of the loan, issued September 30, 2016, was \$200,000, and is secured by all corporate assets, the personal and unconditional guarantee of the company's owner. The note bears interest at .5% per annum. The note has a term of 5 years and is payable in monthly installments of \$3,375. During 2017, an allowance for doubtful accounts was established for the entire loan balance.	\$ -	-
<u>Latina Boulevard Foods, LLC</u>		
The original amount of the loan, issued September 6, 2017 was \$500,000 and is secured by all present and future assets of the borrower and an assignment of rents and leases at another real property. The note bears interest at .05% per annum. The note has a term of 5 years and is payable in equal monthly payments of principal and interest.	59,837	160,541
<u>Speed Motor Express of Western New York Inc.</u>		
The original amount of the loan, issued August 9, 2019 was \$140,000 and is secured by all present and future assets of the borrower. The note bears interest at .05% per annum. The note has a term of 4 years and is payable in equal monthly payments of principal and interest.	52,582	55,004
<u>Hanzlian Sausage, Inc.</u>		
The original amount of the loan, issued August 4, 2020 was \$150,000 and is secured by all present and future assets of the borrower and the personal and unconditional guarantees of the Company's owners. The note bears interest at 0.5% per annum. The note has a term of 5 ½ years and is payable in equal monthly payments of interest only for the first 6 consecutive months and equal monthly payments of principal and interest for the next 60 consecutive months.	125,264	149,808
Total loans receivable	\$ <u>772,350</u>	<u>548,258</u>

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(6) Loans Receivable, Continued

The table below sets forth a summary of changes in the fair value of the Corporation's level 3 assets for the years ended March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 548,258	547,419
Add loans issued	400,000	150,000
Less amounts repaid	<u>(175,908)</u>	<u>(149,161)</u>
Balance at end of year	\$ <u>772,350</u>	<u>548,258</u>

A summary of current, past due and nonaccrual loans as of March 31, 2022 are as follows:

<u>Category</u>	<u>Current</u>	<u>30 - 90 days past due</u>	<u>Nonaccrual</u>	<u>Total</u>
Commercial	\$ <u>772,350</u>	<u>-</u>	<u>-</u>	<u>772,350</u>

(7) Related Party

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, 2022 and 2021, 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 (note 6). On February 24, 2000, the approved loan amount was amended to \$150,000. The balance outstanding on the loan as of March 31, 2022 and 2021 amounted to \$130,535. Accrued interest receivable at March 31, 2022 and 2021 amounted to \$232,456. Both the loan and the interest have been fully allowed.

(8) Litigation

The Corporation is involved in litigation arising in the ordinary course of its operations. The Corporation believes that its ultimate liability, if any, in connection with these matters will not have a material effect on its financial condition or results of operations.

**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
The 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, the financial statements of The Cheektowaga Economic Development Corporation (the Corporation), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated November 9, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audits 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 Corporation'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 have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

The Cheektowaga Economic Development Corporation's Response to Finding

The Cheektowaga Economic Development Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Cheektowaga Economic Development Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

EFPR Group, CPAs, PLLC

Williamsville, New York
November 9, 2022

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Schedule of Findings and Questioned Costs

March 31, 2022

Compliance Finding:

Finding Reference: (2022-001) PARIS Filing

Condition - The Corporation did not file the independent audit report within 90 days after the end of the fiscal year ended March 31, 2022 via the Public Authorities Information System (PARIS).

Criteria - Pursuant to Section 2800 of Public Authorities Law, the Corporation is required to submit their annual report via PARIS within 90 days after the end of each fiscal year.

Effect - The Authorities Budget Office has the authority to “publicly warn and censure authorities for non-compliance” with this requirement and to recommend the “suspension or dismissal of officers or directors, based on information that is, or is made, available to the public under law.”

Cause - The Corporation did not have the necessary resources to finalize the accounting records for the year ended March 31, 2022 in a timely manner.

Recommendation - We recommend that the Corporation submit the independent audit report to PARIS as soon as possible.

Management’s Corrective Action - The Corporation has approved the independent audit report and will file with PARIS upon receipt of the final reports. An independent fee accountant has been hired and the Corporation expects to have the audit report filed in a more timely manner.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Status of Prior Year Audit Findings

Year ended March 31, 2022

(2021-001) Material Weakness

Condition - The financial statements of The Cheektowaga Economic Development Corporation were materially misstated at March 31, 2021.

Status - This issue has been resolved and will not be a finding for the fiscal year ended March 31, 2022.

(2021-002) PARIS Filing

Condition - The Corporation did not file the independent audit report within 90 days after the end of the fiscal year ended March 31, 2021 via the Public Authorities Information System (PARIS).

Status - This issue has not been resolved and will be a finding for the fiscal year ended March 31, 2022. See (2022-001) PARIS filing.