

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, 2019, 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 February 17, 2020.

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) to determine 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 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 2019-001 that we consider to be a material weakness.

## 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 determination of financial statement amounts. 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 2019-002.

## The Cheektowaga Economic Development Corporation's Response to Findings

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

## 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  
February 17, 2020

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION  
Schedule of Findings and Questioned Costs  
March 31, 2019

Internal Control Finding:

Finding Reference: (2019-001) Material Weakness

Condition - The financial statements of The Cheektowaga Economic Development Corporation were materially misstated at March 31, 2019.

Criteria - Management is responsible for establishing and maintaining effective internal controls and for the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Effect - Adjusting journal entries, totaling approximately \$258,000 were recorded to correct misstatements in the financial statements as of March 31, 2019.

Cause - The material misstatements resulted from a lack of internal controls over financial reporting.

Recommendation - The Cheektowaga Economic Development Corporation should establish accounting procedures to review monthly financial information by comparing it to historical financial data and tying information back to supporting documentation and subsidiary schedules.

Management's Corrective Action - The Cheektowaga Economic Development Corporation's Board of Directors has begun the process of developing a protocol for internal controls over the financial reporting and the Board will actively participate in the complete process of creating the policies and procedures to ensure proper implementation and continued supervision.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION  
Schedule of Findings and Questioned Costs, Continued

Compliance Finding:

Finding Reference: (2019-002) 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, 2019 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, 2019 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, 2019

(2018-001) 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, 2018 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, 2019. See (2019-002) PARIS filing.