

February 10, 2021

CONFIDENTIAL

The Board of Directors  
The Cheektowaga Economic Development Corporation

Dear Board Members:

We have completed our audit of the financial statements of The Cheektowaga Economic Development Corporation (the Corporation) for the year ended March 31, 2020. Considering the test character of our audit, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against irregularities which a test examination may not disclose. We now present for your consideration our comments and recommendations based upon our observations made during the audit.

This report is intended solely for the information and use of the Board of Directors, management and others within the Corporation.

Dormant Accounts

During our audit, we noted that two certificates of deposit were considered dormant and the funds were sent to New York State unclaimed funds. We recommend that the Corporation utilize on-line accounts and regularly log into these accounts and review the bank statements to ensure that no funds are considered dormant.

Loans Receivable

During a previous year audit, we received a confirmation for a loan balance in which there was a discrepancy between the confirmed balance and the Corporation's accounting records for approximately \$8,400. We recommended that the Corporation contact the loan recipient to resolve the discrepancy, and if necessary, seek legal counsel. The following comment is being repeated from the prior year's letter.

Bank Fees

During our audit, we noted that the Corporation was charged monthly bank fees. We recommend that the Corporation discuss these charges with their financial institution and try to get them reduced or eliminated. The Corporation can also seek other options with a different financial institution. The following comment is being repeated from the prior year's letter.

Expenditures of Federal Awards

During the audit, we noted the gross outstanding loans receivable balance as of March 31, 2020 exceeded \$750,000. As the loans are funded by the U.S. Department of Housing and Urban Development through the Community Development Block Grant Program, the Corporation may be subject to federal compliance regulations per Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Management has taken the position that several loans do not require on-going compliance by the borrowers and are therefore not included as expenditures of federal awards. We recommend that management continue to evaluate the loans receivable to ensure compliance with federal guidelines. The following comment is being repeated from the prior year's letter.

Loan Monitoring

During the current year audit, a large adjustment was required to establish an allowance for a doubtful loan receivable that is unlikely to be collected. We recommend that the Board and management review the valuation of all loans receivable on a frequent basis and record any allowances deemed necessary. The review should include payment history, value of collateral and viability of the loan holder. The following comment is being repeated from the prior year's letter.

Timeliness of Cash Disbursements and Receipts

During the audit, we noted that the processing of checks and deposits are not occurring on a timely basis. We recommend that checks and deposits are processed on at least a monthly basis. Increasing the frequency of cash receipt deposits will help to reduce the risk of misappropriation of assets or stale checks. Processing checks on a more frequent basis will reduce any potential late fees or penalties. The following comment is being repeated from the prior year's letter.

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We would like to take this opportunity to thank The Cheektowaga Economic Development Corporation for their courtesy and cooperation extended to us during our audit. If you have any questions regarding the foregoing comments or wish any assistance in their implementation, please contact us at your convenience.

Very truly yours,

*EFPR Group, CPAs, PLLC*

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