

**NIAGARA COUNTY BROWNFIELD
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Niagara County Brownfield Development Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Niagara County Brownfield Development Corporation (NCBDC) (a business-type activity) as of September 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NCBDC as of September 30, 2023 and 2022, and the changes in its net position and its 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 audit 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 NCBDC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 NCBDC's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 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 NCBDC'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 NCBDC'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.

Required Supplementary Information

GAAP requires that management's discussion and analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on NCBDC's financial statements as a whole. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 December 19, 2023 on our consideration of NCBDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 NCBDC'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 NCBDC's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

December 19, 2023

Management's Discussion and Analysis (unaudited)

September 30, 2023

As management of Niagara County Brownfield Development Corporation (NCBDC), we offer readers of NCBDC's financial statements this narrative overview and analysis of the financial activities of NCBDC for the year ended September 30, 2023. This document should be read in conjunction with NCBDC's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The assets of NCBDC exceeded its liabilities by \$2,101,000 (net position). This total is restricted for use within Niagara County Brownfields Cleanup Revolving Loan Fund (BCRLF) as outlined in its cooperative agreements with the United States Environmental Protection Agency (EPA).
- NCBDC's net position increased \$570,000 from the prior year primarily due to EPA grants of \$713,000 less operating expenses, including grants to subrecipients, of \$152,000.
- During 2023, NCBDC incurred administrative expenses of \$61,000 and provided \$91,000 to subrecipients that was funded by grant revenue received from the EPA.

OVERVIEW OF THE FINANCIAL STATEMENTS

NCBDC is a not-for-profit public benefit corporation treated as a governmental entity for financial reporting purposes. The financial statements in this report are therefore those of a special-purpose government. The following statements are included:

- Balance Sheets – report NCBDC's current and long-term financial resources, liabilities, and net position.
- Statements of Revenues, Expenses, and Changes in Net Position – report NCBDC's operating and nonoperating revenues by major source along with operating and nonoperating expenses.
- Statements of Cash Flows – report NCBDC's cash flows from operating and noncapital financing activities, if any.

FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. NCBDC's assets exceeded its liabilities by \$2,101,000 at the close of 2023. The largest portion of NCBDC's net position reflects the net outstanding principal due from loan disbursements of \$1,512,000 and cash of \$589,000. As of September 30, 2023, NCBDC did not own any property nor was it obligated for any long-term liabilities.

The balance sheets as of September 30, 2023 and 2022 were as follows:

	2023	2022
Assets		
Current assets:		
Cash	\$ 589,000	\$ 454,000
Grants receivable	41,000	2,000
Loans receivable	29,000	83,000
Non-current portion of loans receivable	1,483,000	995,000
Total assets	\$ 2,142,000	\$ 1,534,000
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 41,000	\$ 2,000
Net position:		
Restricted	2,101,000	1,532,000
Total liabilities and net position	\$ 2,142,000	\$ 1,534,000

Changes in net position for the years ended September 30, 2023 and 2022 were as follows:

	2023	2022
Operating revenues:		
Grants	\$ 713,000	\$ 717,000
Interest income	8,000	5,000
Change in allowance for uncollectible loans	-	54,000
Total operating revenues	721,000	776,000
Operating expenses:		
Professional and administrative	61,000	26,000
Grants to subrecipients	91,000	530,000
Total operating expenses	152,000	556,000
Change in net position	569,000	220,000
Net position – beginning	1,532,000	1,312,000
Net position – ending	\$ 2,101,000	\$ 1,532,000

Grant revenue, which is comprised solely of grants from the EPA, represents 98.9% and 92.4% of total revenues for 2023 and 2022. Grant revenue and earnings were used to fund projects and related expenses in each year and such revenue is contingent on the expenditure of underlying eligible grant expenses. The decrease in revenues is a result of eliminating the allowance for uncollectible loans in 2022. New loans to business totaled \$578,000 in 2023 and \$261,000 in 2022. The decrease in expenses is due to fewer subgrant expenses in 2023. All grant revenue and expenses are related to ongoing projects. See below and page 6 for further details on those projects.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

During 2023, Niagara County continued to implement the BCRLF program and achieve established performance measures. Performance measures include the award of funds to new remediation projects and the process of turning vacant properties back to productive use. Of the \$2,572,000 in EPA grant funds allocated to current projects (not including local share), \$2,012,000 has been disbursed for loans or grants as of September 30, 2023. Projects in progress are discussed in detail below.

Loans:

211 Main Street

In August 2019, NCBDC executed a \$400,000 loan agreement with Enterprise Lumber & Silo, LLC for site remediation at 211 Main Street in North Tonawanda, New York. The loan was increased to \$550,000, bears interest at 0.5%, and was used for soil remediation and building cleanup. A Certificate of Completion was issued by New York State Department of Environmental Conservation in December 2021 certifying that cleanup to unrestricted use was successfully completed. All funds were disbursed prior to 2023. Loan repayments are ongoing as of September 30, 2023.

624 River Road

In March 2020, NCBDC executed a \$500,000 loan agreement with DLV Properties, LLC. The loan bears interest at 0.5% and is being used for soil remediation at 624 River Road. All funds were disbursed as of September 30, 2023.

During remediation, unforeseen factors caused an increase in expenses including pre-existing conditions from the prior industrial facility and an increase in the cost of materials. In June 2023, NCBDC executed an additional \$1,000,000 loan agreement with DLV Properties, LLC. The loan bears interest at 0.5%. As of September 30, 2023, \$488,808 has been disbursed.

Grants:

4435-4445 Military Road

The Town of Niagara (the Town) acquired the tax delinquent property at 4435-4445 Military Road in the Town. The site was previously used for a variety of commercial operations including a dry cleaner, gas station, automotive repair facility, and tire sales. In October 2018, the NCBDC executed a \$325,000 subgrant for asbestos abatement, building demolition, and soil remediation that was later increased to \$397,000. The property has been issued a Certificate of Completion. Substantially all of the grant has been disbursed as of September 30, 2023.

5627 Niagara Falls Boulevard

In January 2023, the NCBDC executed a \$125,000 subgrant with the City of Niagara Falls for environmental and soil remediation to redevelop the property to be used for job training purposes for local residents by a nonprofit organization. As of September 30, 2023, \$76,000 has been disbursed and \$49,000 of funds remain available.

FACTORS EXPECTED TO IMPACT FUTURE FINANCIAL POSITION OR RESULTS OF OPERATIONS

Management believes NCBDC is in good financial condition. Funding is available to cover existing project reimbursements as well as the development of future projects.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide our stakeholders with a general overview of NCBDC's finances and to show accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Amy E. Schifferli, AICP, President, at 6311 Inducon Corporate Drive, Sanborn, New York 14132.

NIAGARA COUNTY BROWNFIELD DEVELOPMENT CORPORATION

Balance Sheets

September 30,	2023	2022
Assets		
Current assets:		
Cash	\$ 589,445	\$ 453,854
Grants receivable	40,549	1,897
Loans receivable (Note 2)	29,409	82,378
	<u>659,403</u>	<u>538,129</u>
Non-current loans receivable, net (Note 2)	1,482,570	995,309
	<u>\$ 2,141,973</u>	<u>\$ 1,533,438</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 40,549	\$ 1,897
Net Position:		
Restricted	2,101,424	1,531,541
	<u>\$ 2,141,973</u>	<u>\$ 1,533,438</u>

NIAGARA COUNTY BROWNFIELD DEVELOPMENT CORPORATION

Statements of Revenues, Expenses, and Changes in Net Position

For the years ended September 30,	2023	2022
Operating revenues:		
Grant revenue	\$ 713,278	\$ 717,399
Interest income	8,167	4,431
Change in allowance for uncollectible loans	-	54,000
Total operating revenues	721,445	775,830
Operating expenses:		
Professional and administrative	60,204	26,159
Grants to subrecipients	91,358	529,952
Total operating expenses	151,562	556,111
Change in net position	569,883	219,719
Net position - beginning	1,531,541	1,311,822
Net position - ending	\$ 2,101,424	\$ 1,531,541

NIAGARA COUNTY BROWNFIELD DEVELOPMENT CORPORATION

Statements of Cash Flows

For the years ended September 30,	2023	2022
Operating activities:		
Grants received	\$ 674,626	\$ 1,113,950
Principal repayments received on loans	143,344	100,060
Interest payments received	8,167	4,431
Grants and loans paid to third party recipients	(668,994)	(1,184,870)
Payments to vendors and others	(21,552)	(29,102)
Net operating activities	135,591	4,469
Cash - beginning	453,854	449,385
Cash - ending	\$ 589,445	\$ 453,854
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 569,883	\$ 219,719
Change in allowance for uncollectible loans	-	(54,000)
Adjustments to reconcile operating income to net cash flows from operating activities:		
Changes in assets and liabilities:		
Grants receivable	(38,652)	396,551
Loans receivable	(434,292)	(161,250)
Accounts payable	38,652	(396,551)
Net operating activities	\$ 135,591	\$ 4,469

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Organization

Niagara County Brownfield Development Corporation (NCBDC) was organized in October 2008 as a not-for-profit public benefit corporation to establish and operate the Niagara County Brownfields Cleanup Revolving Loan Fund (BCRLF) program. Through BCRLF, NCBDC provides financial assistance in the form of low-interest loans and subgrants to eligible entities for remediation of brownfield sites throughout Niagara County.

BCRLF is a cooperative effort between Niagara County (the County) and the City of Niagara Falls (the City). Accordingly, the Chairman of the County Legislature and the Mayor of the City sit on the Board of Directors of NCBDC (the Board). The third member of NCBDC's Board is the Executive Director of Niagara County Industrial Development Agency (NCIDA), which provides administrative support and management to NCBDC.

Basis of Presentation

Because NCBDC's Board members are officials of State or local governments, the financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Measurement Focus

NCBDC reports as a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. NCBDC's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred.

NCBDC's policy for defining operating activities in the statement of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for services and payments made to purchase those goods or services. NCBDC also classifies pass-through grants as operating activities.

Estimates

The preparation of financial statements in conformity 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.

Cash

Cash management is governed by State laws and as established in NCBDC's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Management is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Cash in financial institutions may exceed insured limits at various times during the year and subject NCBDC to concentrations of credit risk.

Allowance for Uncollectible Loans

Loans receivable are stated at the principal amount outstanding, net of an allowance for uncollectible loans, if any. The allowance method is used to compute the provision for uncollectible loans.

Determination of the balance of the allowance for uncollectible loans is based on an analysis of the loan portfolio and reflects an amount that, in management's judgment, is adequate to provide for potential loan losses. Loans are charged off when, in management's judgment, no legal recourse is available to collect the amount owed.

Interest on loans receivable is accrued as required by the terms of the agreement, and management considers that collection is probable, based on the current economic condition of the borrower. Interest accrual stops when a loan becomes past due and does not commence again until the loan is current.

Grants

Grants are reflected as revenue to the extent related expenses have been incurred. Amounts not yet spent, if any, are classified as unearned revenue and recognized as revenue when spent.

Net Position

NCBDC classifies net position into the following categories:

- *Restricted* – consists of restricted assets reduced by related liabilities and deferred inflows of resources. Restrictions are imposed by the U.S. Environmental Protection Agency (EPA).
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the restricted component of net position and therefore are available for general use by NCBDC.

Income Taxes

NCBDC is a 501(c)(3) organization exempt from income taxes under §501(a) of the Internal Revenue Code.

2. Loans Receivable

Loans made to local businesses complement private financing at interest rates currently at 0.5%. Such loans have varying repayment terms and are secured by terms acceptable to the Board at the time of the loan which include liens on property, buildings, and equipment and may also include personal or business guarantees. All loans are classified as small business loans. The following is a summary of loans receivable:

	<u>2023</u>	<u>2022</u>
Current status	\$ 1,511,979	\$ 1,077,687
Less current portion	<u>29,409</u>	<u>82,378</u>
	<u>\$ 1,482,570</u>	<u>\$ 995,309</u>

The allowance for uncollectible loans was reduced by \$54,000 during 2022. There is no allowance for uncollectible loans at September 30, 2023 and 2022.

3. Economic Dependence

NCBDC received all of its grant revenue from the U.S. Environmental Protection Agency (EPA) for the years ended September 30, 2023 and 2022.

4. Commitments

Outstanding commitments include funds approved for sub-grantees but not yet expended. As of September 30, 2023, NCBDC has two projects with \$49,000 remaining. These funds are reimbursed to NCBDC by grants provided by the EPA once the funds are expended by sub-grantees. In June 2023, NCBDC committed to funding a loan totaling \$1,000,000, and as of September 30, 2023, \$488,808 has been disbursed. Subsequent to year end, in November 2023, NCBDC approved a subgrant totaling \$425,000.

NIAGARA COUNTY BROWNFIELD DEVELOPMENT CORPORATION

Supplementary Information
Schedule of Revolving Loan Funds

For the year ended September 30, 2023

	Loan Closing Date	Loan Balance 09/30/22	Loans Made	Principal Paid	Loan Balance 09/30/23	Interest Paid
Rock One Development, LLC	08/03/15	\$ 107,399	\$ -	\$ 107,399	\$ -	\$ 85
Santarosa Holdings, Inc.	12/22/15	9,116	-	9,116	-	6
Enterprise Lumber & Silo, LLC	08/07/19	550,000	-	26,829	523,171	2,694
DLV Properties, LLC	03/06/20	411,172	88,828	-	500,000	3,958
DLV Properties, LLC	06/26/23	-	488,808	-	488,808	-
		<u>\$ 1,077,687</u>	<u>\$ 577,636</u>	<u>\$ 143,344</u>	<u>\$ 1,511,979</u>	<u>\$ 6,743</u>

NIAGARA COUNTY BROWNFIELD DEVELOPMENT CORPORATION

**Supplementary Information
Schedule of Subgrants**

For the year ended September 30, 2023

Grantee	EPA Grant	Agreement Date	Subgrant Amount	Amount Previously Disbursed	Amount Disbursed 09/30/23	Amount Remaining
4435-4445 Military Road	BF97245508	10/18/18	\$ 396,653	\$ 381,622	\$ 15,031	\$ -
5627 Niagara Falls Boulevard	BF96270616	01/26/23	125,000	-	76,327	48,673
			<u>\$ 521,653</u>	<u>\$ 381,622</u>	<u>\$ 91,358</u>	<u>\$ 48,673</u>

NIAGARA COUNTY BROWNFIELD DEVELOPMENT CORPORATION

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
<u>U.S. Environmental Protection Agency:</u>			
Passed through Niagara County:			
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	BF96270616	\$ 607,914
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	BF97245508	15,031
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	4B96270623	<u>517,425</u>
Total Expenditures of Federal Awards			<u>\$ 1,140,370</u>

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs administered by Niagara County Brownfield Development Corporation (NCBDC), an entity as defined in Note 1 to NCBDC's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the SEFA.

Basis of Accounting

NCBDC uses the accrual basis of accounting for each federal program, consistent with the financial statements.

In accordance with the Uniform Guidance, expenditures for loan programs are calculated as outstanding loan balances at year end, for loans existing in the prior year with continuing compliance requirements, plus new loans issued during the year.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with NCBDC's financial reporting system.

Indirect Costs

NCBDC has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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
Niagara County Brownfield 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 balance sheet of Niagara County Brownfield Development Corporation (NCBDC) (a business-type activity) as of September 30, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NCBDC'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 NCBDC's internal control. Accordingly, we do not express an opinion on the effectiveness of NCBDC'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. 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NCBDC'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*.

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 of the effectiveness of NCBDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCBDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

December 19, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors
Niagara County Brownfield Development Corporation

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Niagara County Brownfield Development Corporation (NCBDC) with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of NCBDC's major federal programs for the year ended September 30, 2023. NCBDC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, NCBDC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of NCBDC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of NCBDC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to NCBDC's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on NCBDC's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NCBDC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 NCBDC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of NCBDC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of NCBDC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Symons & McCormick, LLP

December 19, 2023

Schedule of Findings and Questioned Costs

For the year ended September 30, 2023

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>	<u>Amount</u>
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	<u>\$ 1,140,370</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

The Board of Directors
Niagara County Brownfield Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of Niagara County Brownfield Development Corporation (NCBDC) (a business-type activity) as of September 30, 2023 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated December 19, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that NCBDC failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended September 30, 2023. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding NCBDC's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.



December 19, 2023