NIAGARA COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

SPECIAL-PURPOSE STATEMENT OF
REVENUE AND EXPENSES
MULTI-TENANT FACILITY
OPERATING ACCOUNT

DECEMBER 31, 2022

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS
Cyclorama Building | 369 Franklin Street | Buffalo, NY 14202
p: 716.856.3300 | f: 716.856.2524 | www.LumsdenCPA.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Niagara County Industrial Development Agency

Opinion

We have audited the special-purpose statement of revenue and expenses of Niagara County Industrial Development Agency's (the Agency) Multi-Tenant Facility Operating Account for the year ended December 31, 2022, and the related notes to the statement.

In our opinion, the accompanying special-purpose statement presents fairly, in all material respects, the revenue and expenses of the Agency's Multi-Tenant Facility Operating Account for the year ended December 31, 2022 in accordance with the financial reporting provisions of the lease agreement dated February 23, 1993 between Niagara Frontier Transportation Authority, as lessor, and the Agency, as lessee.

Basis for Opinion

We conducted our audit 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 Agency, 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 opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the special-purpose statement, which describes the basis of accounting. The special-purpose statement is prepared by the Agency on the basis of the financial reporting provisions specified in the lease agreement, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the lease agreement referred to above. As a result, the special-purpose statement may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Special-Purpose Statement

Management is responsible for the preparation and fair presentation of this special-purpose statement in accordance with the provisions of the lease agreement. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a special-purpose statement that is free from material misstatement, whether due to fraud or error.

In preparing the special-purpose statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for one year beyond the special-purpose statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors’ Responsibilities for the Audit of the Special-Purpose Statement

Our objectives are to obtain reasonable assurance about whether the special-purpose statement as a whole is 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 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 special-purpose statement.

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 special-purpose statement, 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 special-purpose statement.

- 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 Agency’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 special-purpose statement.

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.

Restriction on Use

This report is intended solely for the information and use of the Boards of Directors and management of the Agency and Niagara Frontier Transportation Authority and is not intended to be and should not be used by anyone other than these specified parties.

Lumsden & McCormick, LLP

March 22, 2023

Special-Purpose Statement of Revenue and Expenses
Multi-Tenant Facility Operating Account

For the year ended December 31, 2022

Revenue:	
Accrual basis:	
Rent	$ 244,867
Common area charges	38,547
Interest	22,125
Total revenue	305,539
Expenses:	
Accrual basis:	
Insurance	10,872
Building repair and maintenance	17,146
Energy usage - common area	583
Groundskeeping - common area	19,816
Assessments - common area	8,553
Water - common area	2,432
Building repair and maintenance - common area	3,658
Administrative fee - common area	3,504
	66,564
Conversion to cash basis:	
Add: Prepaid expenses, end of year	8,724
Add: Accounts payable, beginning of year	1,559
Less: Prepaid expenses, beginning of year	(10,079)
Less: Accounts payable, end of year	(17,827)
Total cash basis expenses	48,941
Net revenues before funded capital account	256,598
Funded capital account	(10,000)
Net revenue	$ 246,598
Amount payable to Niagara Frontier Transportation Authority	$ 123,299
Amount payable to Niagara County Industrial Development Agency Operating Fund	$ 123,299

See accompanying notes.

Notes to Special-Purpose Statement of Revenue and Expenses
Multi-Tenant Facility Operating Account

1. Summary of Significant Accounting Policies:

Nature of Organization

The Multi-Tenant Facility (the Facility) known as Niagara Industrial Suites is defined as the building constructed by Niagara County Industrial Development Agency (the Agency) at 2055 Niagara Falls Boulevard, Niagara Falls, New York on 13.6 acres leased from the Niagara Frontier Transportation Authority (NFTA).

Rental income is derived primarily from one tenant under a lease agreement which commenced November 1, 2012 and contains various renewal options exercised through October 2023. The operating account of the Facility consists of ordinary expense accounts typically associated with a multi-tenant facility and does not include any construction-related accounts.

Basis of Accounting

This special-purpose statement is presented in conformity with the requirements of Sections A, B, C, D, and E of a lease agreement dated February 23, 1993 between the Agency and the NFTA.

This agreement requires that revenue is accounted for on an accrual basis. Expenses are reflected on a cash basis and include payments for federal and state taxes (if any), local real estate taxes or assessments, and amortization of loans. Cash expenditures do not include administrative costs paid to the Agency for the management of the Facility.

In accordance with this agreement, any income earned is divided equally between the Agency and NFTA. For the year ended December 31, 2022, each entity was owed $123,299.

Losses incurred during a year may be carried forward and applied against future profits until the loss is fully exhausted. The Facility must maintain a funded capital account not to exceed $10,000 in 1996 and 1997, increased after evaluation in subsequent years by no more than 5% in any one year. This account is established from profits before loss carryforwards and continues to be funded at $10,000 annually. All capital expenditures not funded from this account must be funded from borrowings which are permitted to be expensed with the loan amortization costs described above.

The above statements are not intended to be a presentation in conformity with U.S. generally accepted accounting principles.