

NIAGARA AREA DEVELOPMENT CORPORATION
A Component Unit of
Niagara County Industrial Development Agency

FINANCIAL STATEMENTS

DECEMBER 31, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Niagara Area Development Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Niagara Area Development Corporation (the Corporation), a business-type activity and a component unit of Niagara County Industrial Development Agency (NCIDA), which comprise the balance sheets as of December 31, 2022 and 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows thereof 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 audits 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 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 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 the Corporation'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 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.

Required Supplementary Information

The Corporation has omitted management's discussion and analysis that GAAP requires to be presented to supplement the financial statements. Such missing 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. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2023 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, 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.

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March 22, 2023

NIAGARA AREA DEVELOPMENT CORPORATION
(a component unit of Niagara County Industrial Development Agency)

Balance Sheets

December 31,	2022	2021
Assets		
Current assets:		
Cash	\$ 151,407	\$ 1,407
Liabilities and Net Position		
Current liabilities:		
Affiliate payable	\$ 151,407	\$ 1,407
Net position:		
Unrestricted	-	-
	<u>\$ 151,407</u>	<u>\$ 1,407</u>

NIAGARA AREA DEVELOPMENT CORPORATION
(a component unit of Niagara County Industrial Development Agency)

Statements of Revenues, Expenses, and Changes in Net Position

For the years ended December 31,	2022	2021
Operating revenues:		
Administrative fees	\$ 112,500	\$ 1,000
Operating expenses:		
Transfer to NCIDA	<u>112,500</u>	<u>1,000</u>
Change in net position	-	-
Net position - beginning of year	<u>-</u>	<u>-</u>
Net position - end of year	<u>\$ -</u>	<u>\$ -</u>

NIAGARA AREA DEVELOPMENT CORPORATION
(a component unit of Niagara County Industrial Development Agency)

Statements of Cash Flows

For the years ended December 31,	2022	2021
Operating activities:		
Cash from administrative fees	\$ 150,000	\$ 1,000
Net change in cash	150,000	1,000
Cash - beginning of year	1,407	407
Cash - end of year	\$ 151,407	\$ 1,407
Reconciliation of change in net position to net cash flows from operating activities:		
Change in net position	\$ -	\$ -
Adjustments to reconcile change in net position to net cash flows from operating activities:		
Change in affiliate payable	150,000	1,000
Net operating activities	\$ 150,000	\$ 1,000

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Organization

Niagara Area Development Corporation (the Corporation), a governmental entity, was organized to undertake and promote economic development initiatives in the Niagara County, New York area.

The Corporation is empowered to issue industrial revenue bonds that meet the definition of conduit debt obligations. Such bonds provide not-for-profit entities within Niagara County with access to capital for the acquisition, rehabilitation, and construction of industrial and commercial facilities. The bonds are secured by the properties they finance and are payable solely by the non-for-profit entities. For providing this service, the Corporation receives bond administration fees from the borrowing companies, which are recognized immediately upon issuance of bonds. The Corporation's administrative agreement with Niagara County Industrial Development Agency (NCIDA) requires that all earnings generated by the Corporation be remitted to NCIDA. The Corporation issued a tax-exempt bond in 2022 amounting to \$59,546,229. Total fees associated with the bond issuance totaled \$150,000, of which \$112,500 was earned by the Corporation and \$37,500 by a third party and paid through NCIDA. No tax-exempt bonds were issued in 2021. At December 31, 2022, previously issued bonds have an aggregate outstanding principal amount payable of \$286,423,736, none of which is recognized as a liability by the Corporation.

In accordance with accounting standards, the Corporation is considered a component unit of NCIDA. The Corporation is included in the statements of NCIDA as a blended component unit.

Basis of Presentation

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

The Corporation 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. The Corporation'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.

The Corporation's policy for defining operating activities in the statements 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. Certain other transactions are reported as nonoperating activities and include the Corporation's interest income, if any.

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 the Corporation'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.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned to it. At December 31, 2022 and 2021, the Corporation's bank deposits were fully insured by FDIC coverage.

Net Position

The Corporation is required to classify net position into three categories: net investment in capital assets, restricted, and unrestricted. The Corporation does not currently maintain any capital assets nor are restrictions imposed by external organizations, therefore net position (if available) is deemed to be unrestricted for general use by the Corporation.

Income Taxes

The Corporation is a governmental entity exempt from income taxes under §115 of the Internal Revenue Code. No tax filings are required and accordingly, no tax is paid.

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 Area 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 Niagara Area Development Corporation (the Corporation), a business-type activity and a component unit of Niagara County Industrial Development Agency, which comprise the balance sheet as of December 31, 2022, 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 March 22, 2023.

Report on 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) 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 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 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 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 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.

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March 22, 2023

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

The Board of Directors
Niagara Area Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of Niagara Area Development Corporation (the Corporation), a business-type activity and a component unit of Niagara County Industrial Development Agency (NCIDA), as of December 31, 2022, 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 March 22, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the Corporation failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2022. 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 the Corporation'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.



March 22, 2023