

**NIAGARA COUNTY BROWNFIELD
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Niagara County Brownfield Development Corporation

We have audited the accompanying balance sheets of Niagara County Brownfield Development Corporation (NCBDC) (a business-type activity) as of September 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NCBDC as of September 30, 2021 and 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 6 be presented to supplement the financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 the financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information including the schedule of expenditures of federal awards 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 7, 2021 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 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 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 "Lumsden & McCormick, LLP". The signature is written in a cursive, flowing style.

December 7, 2021

Management's Discussion and Analysis (unaudited)

September 30, 2021

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, 2021. This document should be read in conjunction with NCBDC's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The assets of NCBDC exceeded its liabilities by \$1,312,000 (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 \$665,000 from the prior year primarily due to EPA grants of \$879,000 less operating expenses, including grants to subrecipients, of \$246,000.
- During 2021, NCBDC incurred administrative expenses of \$31,000 and provided \$215,000 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 \$1,312,000 at the close of 2021. The largest portion of NCBDC's net position reflects the net outstanding principal due from loan disbursements of \$862,000 and cash of \$449,000. As of September 30, 2021, NCBDC did not own any property nor was it obligated for any long-term liabilities.

The balance sheets at September 30, 2021 and 2020 were as follows:

	2021	2020
Assets		
Current assets:		
Cash	\$ 449,000	\$ 357,000
Grants receivable	398,000	6,000
Loans receivable	103,000	95,000
Non-current portion of loans receivable	760,000	194,000
Total assets	\$ 1,710,000	\$ 652,000
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 398,000	\$ 6,000
Net position:		
Restricted	1,312,000	646,000
Total liabilities and net position	\$ 1,710,000	\$ 652,000

Changes in net position for the years ended September 30, 2021 and 2020 were as follows:

	2021	2020
Operating revenues:		
Grants	\$ 879,000	\$ 604,000
Interest income	2,000	1,000
Change in allowance for uncollectible loans	31,000	-
Total operating revenues	912,000	605,000
Operating expenses:		
Professional and administrative	31,000	35,000
Grants to subrecipients	215,000	502,000
Total operating expenses	246,000	537,000
Change in net position	666,000	68,000
Net position – beginning	646,000	578,000
Net position – ending	\$ 1,312,000	\$ 646,000

Grant revenue, which is comprised solely of grants from the EPA, represents 96.4% and 99.8% of total revenues for 2021 and 2020. 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 increase in revenues is a result of additional EPA grants that fund grants to subrecipients and loans. Loans to business totaled \$633,000 in 2021 and \$67,000 in 2020. The decrease in expenses is due to fewer subgrant expenses in 2021. All grant revenue and expenses are related to ongoing projects. See below and page 5 for further details on those projects.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

During 2021, 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 \$3,249,000 in EPA grant funds allocated to current projects (not including local share), \$2,302,000 has been committed and disbursed for loans or grants as of September 30, 2021. Projects in progress are discussed in detail below.

Loans:

Santarosa Project

In December 2008, NCBDC's Board of Directors (the Board) approved the first BCRLF project, a \$250,000 loan to Santarosa Holdings, Inc. for asbestos abatement at 1501 College Avenue in the City of Niagara Falls. The 13-acre site was previously used for heavy industrial manufacturing and has remained vacant since the late 1980s.

During site remediation, significant additional contamination was found and Santarosa Holdings, Inc. applied for and received a second loan totaling \$385,000 from BCRLF to help address site contamination. All of the buildings on the site have been demolished. Additionally, 3,700 tons of contaminated soil, 20,000 gallons of contaminated water, and 2,760 tons of asbestos were removed. A Certificate of Completion was issued by the New York State Department of Environmental Conservation on December 31, 2012 to certify that cleanup actions at the site were successfully completed. The property owner is working on industrial site redevelopment concepts. All funds were disbursed under this grant prior to 2012 and outstanding loan balances as of September 30, 2021 totaled \$73,000.

Rock One Development, LLC

In August 2015, NCBDC provided Rock One Development, LLC a loan, bearing interest at 0.5%, to be used for professional service costs and fees associated with site remediation on the property at 600 River Road in North Tonawanda, New York. There was \$178,000 disbursed to the borrower in 2015 and another \$113,000 in 2016. The outstanding loan balance as of September 30, 2021 totaled \$144,000.

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 has been increased to \$550,000, bears interest at 0.5%, and will be used for soil remediation and building cleanup that is needed for adaptive reuse of the building. As of September 30, 2021, \$494,000 has been disbursed. Remediation planning is ongoing with NYSDEC.

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 will be used for soil remediation at 624 River Road. As of September 30, 2021, \$206,000 has been disbursed.

Grants:

Competition Transmission Site, City of North Tonawanda

The Riviera Theatre & Organ Preservation Society, Inc. purchased a former automotive facility in the City of North Tonawanda as part of a theater expansion project. In January 2013, NCBDC approved a \$350,000 subgrant for site remediation. Asbestos abatement, building demolition, and soil remediation have been completed. Groundwater remediation was completed in 2021. Total project funding was \$323,000. The site is now ready for reuse as part of a 23,000 square foot theater expansion project.

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. As of September 30, 2021, \$178,000 has been disbursed and \$147,000 of funds remain available.

50 Elmwood Avenue

In January 2020 the NCBDC executed a \$325,000 subgrant with 210 Walnut Street, LLC for soil remediation for a vacant parking lot. Remediation planning is ongoing. \$55,000 has been disbursed with \$270,000 of remaining funds available as of September 30, 2021.

13 West Main Street

The Greater Lockport Development Corporation acquired the property with intentions to market the site for redevelopment. In August 2020, the NCBDC executed a \$300,000 subgrant for tank removal, asbestos abatement, and soil remediation. \$121,000 has been disbursed as of September 30, 2021.

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. The extent of the impact of COVID-19 on NCBDC's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on funding sources, borrowers, and vendors, none of which can be predicted.

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. Fisk, AICP, President, at 6311 Inducon Corporate Drive, Sanborn, New York 14132.

NIAGARA COUNTY BROWNFIELD DEVELOPMENT CORPORATION

Balance Sheets

September 30,	2021	2020
Assets		
Current assets:		
Cash	\$ 449,385	\$ 357,482
Grants receivable	398,448	6,302
Loans receivable (Note 2)	102,810	95,028
	<u>950,643</u>	<u>458,812</u>
Non-current loans receivable, net (Note 2)	759,627	193,934
	<u>\$ 1,710,270</u>	<u>\$ 652,746</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 398,448	\$ 6,302
Net Position:		
Restricted	<u>1,311,822</u>	<u>646,444</u>
	<u>\$ 1,710,270</u>	<u>\$ 652,746</u>

NIAGARA COUNTY BROWNFIELD DEVELOPMENT CORPORATION

Statements of Revenues, Expenses, and Changes in Net Position

For the years ended September 30,	2021	2020
Operating revenues:		
Grants received	\$ 878,719	\$ 603,929
Interest income	1,405	1,725
Change in allowance for uncollectible loans	31,000	-
Total operating revenues	<u>911,124</u>	<u>605,654</u>
Operating expenses:		
Professional and administrative	31,005	35,198
Grants to subrecipients	214,741	501,842
Total operating expenses	<u>245,746</u>	<u>537,040</u>
Change in net position	665,378	68,614
Net position - beginning	<u>646,444</u>	<u>577,830</u>
Net position - ending	<u>\$ 1,311,822</u>	<u>\$ 646,444</u>

NIAGARA COUNTY BROWNFIELD DEVELOPMENT CORPORATION

Statements of Cash Flows

For the years ended September 30,	2021	2020
Operating activities:		
Grants received	\$ 486,573	\$ 602,565
Principal repayments received on loans	90,498	81,075
Interest payments received	1,405	1,725
Grants and loans paid to third party recipients	(478,356)	(568,731)
Payments to vendors and others	(8,217)	(33,834)
Net operating activities	91,903	82,800
Cash - beginning	357,482	274,682
Cash - ending	\$ 449,385	\$ 357,482
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 665,378	\$ 68,614
Change in allowance for uncollectible loans	(31,000)	-
Adjustments to reconcile operating income to net cash flows from operating activities:		
Changes in assets and liabilities:		
Grants receivable	(392,146)	(1,364)
Loans receivable	(542,475)	14,186
Accounts payable	392,146	1,364
Net operating activities	\$ 91,903	\$ 82,800

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.

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, NCBDC's deposits may not be returned to it. At September 30, 2021, NCBDC's bank deposits were fully collateralized by FDIC coverage.

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

- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets whose use is constrained to a particular purpose. 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>2021</u>	<u>2020</u>
Current status	\$ 916,437	\$ 373,962
Less allowance	54,000	85,000
Less current portion	102,810	95,028
	<u>\$ 759,627</u>	<u>\$ 193,934</u>

The allowance for uncollectible loans was reduced by \$31,000 for the year ended September 30, 2021. There was no change in the allowance for uncollectible loans for the year ended September 30, 2020.

3. Economic Dependence

NCBDC received all of its grant revenue from the U.S. Environmental Protection Agency (EPA) for the years ended September 30, 2021 and 2020.

4. Commitments

Outstanding commitments include funds approved for sub-grantees but not yet expended. As of September 30, 2021, NCBDC has five projects with \$597,000 remaining. These funds are reimbursed to NCBDC by grants provided by the EPA once the funds are expended by sub-grantees. In August 2019, NCBDC committed to funding a loan totaling \$550,000, and as of September 30, 2021, \$494,106 has been disbursed. In March 2020, NCBDC committed to funding a loan totaling \$500,000, and as of September 30, 2021, \$205,756 has been disbursed.

5. Risks and Uncertainties

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses, resulting in a severe disruption of operations for organizations. The full extent of the impact of COVID-19 on NCBDC's operational and financial performance will continue to depend on further developments, including the duration and spread of the outbreak and its impact on funding sources, borrowers, and vendors, none of which can be predicted.

NIAGARA COUNTY BROWNFIELD DEVELOPMENT CORPORATION

Supplementary Information
Schedule of Revolving Loan Funds

For the year ended September 30, 2021

	Loan Closing Date	Loan Balance 09/30/20	Loans Made	Principal Paid	Loan Balance 09/30/21	Interest Paid
Rock One Development, LLC	08/03/15	\$ 180,144	\$ -	\$ 36,281	\$ 143,863	\$ 818
Santarosa Holdings, Inc.	12/22/15	126,929	-	54,217	72,712	511
Enterprise Lumber & Silo, LLC	08/07/19	66,889	427,217	-	494,106	-
DLV Properties, LLC	03/06/20	-	205,756	-	205,756	-
		<u>\$ 373,962</u>	<u>\$ 632,973</u>	<u>\$ 90,498</u>	<u>\$ 916,437</u>	<u>\$ 1,329</u>

NIAGARA COUNTY BROWNFIELD DEVELOPMENT CORPORATION

**Supplementary Information
Schedule of Subgrants**

For the year ended September 30, 2021

Grantee	EPA Grant	Agreement Date	Subgrant Amount	Amount Previously Disbursed	Amount Disbursed 09/30/21	Amount Remaining
Riviera Theater and Organ Preservation Society	BF97245508	03/25/13	\$ 323,110	\$ 315,231	\$ 7,879	\$ -
4435-4445 Military Road	BF97245508	10/18/18	325,000	139,631	37,984	147,385
50 Elmwood Avenue	BF97245508	01/23/20	130,500	6,836	45,545	78,119
50 Elmwood Avenue	BF96270616	01/23/20	194,500	-	2,353	192,147
13 West Main Street	BF96270616	08/31/20	300,000	-	120,980	179,020
			<u>\$ 1,273,110</u>	<u>\$ 461,698</u>	<u>\$ 214,741</u>	<u>\$ 596,671</u>

NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended September 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Expenditures</u>
<u>U.S. Environmental Protection Agency:</u>			
Passed through Niagara County:			
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	BF96270616	\$ 787,311
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	BF97245508	<u>91,408</u>
Total Expenditures of Federal Awards			<u>\$ 878,719</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 financial statements of Niagara County Brownfield Development Corporation (NCBDC), which comprise the balance sheet as of September 30, 2021, 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 7, 2021.

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 may exist that have not been identified.

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 "Lynden & McCormick, LLP". The signature is written in a cursive, flowing style.

December 7, 2021

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

We have audited Niagara County Brownfield Development Corporation's (NCBDC) compliance with the types of compliance requirements described 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, 2021. NCBDC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of NCBDC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NCBDC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on NCBDC's compliance.

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control over Compliance

Management of NCBDC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered NCBDC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NCBDC's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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

December 7, 2021

Schedule of Findings and Questioned Costs

For the year ended September 30, 2021

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:

Name of Federal Program or Cluster	CFDA #	Amount
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	\$ 878,719

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

Auditee qualified as low-risk auditee? No

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 financial statements of Niagara County Brownfield Development Corporation (NCBDC), which comprise the balance sheet as of September 30, 2021, 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 7, 2021.

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, 2021. 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 7, 2021