

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

March 22, 2023

Members of the Audit Committee and Board of Directors  
Niagara County Industrial Development Agency and related entities

We have audited the separate financial statements of Niagara County Industrial Development Agency (NCIDA); its component units, Niagara County Development Corporation (NCDC), a nonprofit organization, and Niagara Area Development Corporation (NADC), a government; Niagara Economic Development Fund (NEDF), a business trust for which NCIDA is trustee; and Niagara Industrial Incubator Associates (NIIA), a limited partnership (collectively, the Organizations) for the year ended December 31, 2022 and have issued our report thereon dated March 22, 2023. Professional standards require that we advise you of the following matters relating to our audit.

### Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 31, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether each entity's financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audits of each entity's financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of each entity's internal control over financial reporting. Accordingly, as part of our audits, we considered the internal control of each entity solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audits that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### Planned Scope and Timing of the Audit

We conducted our audits consistent with the planned scope and timing we previously communicated to you in the engagement letter.

### Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

## Qualitative Aspects of the Organizations' Significant Accounting Practices

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organizations are included in Note 1 to each entity's financial statements. Other than the adoption of Government Accounting Standards Board, (GASB) Statement No. 87, *Leases*, by NCIDA, no new accounting policies were adopted and the application of existing policies was not changed during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates and Audit Risk Items*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates and audit risk items affecting each entity's financial statements are:

- Establishing allowances for doubtful accounts and loans and leases receivable (NCIDA, NCDC, NEDF)
- Recognition of capital assets at historical or estimated historical cost within established threshold values and the consistent application of depreciable lives and methods (NCIDA, NIIA)
- Net pension liability and related disclosures (NCIDA)

Management's estimates of the above are based on management's knowledge and experience about past and current events and assumptions about future events. We evaluated the key factors and assumptions used to develop the estimates above and determined that they are reasonable in relation to each entity's financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We evaluated all disclosures in relation to each entity's financial statements as a whole and determined that they are reasonable.

## Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audits.

## Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances, or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Other than the adjustments necessary to implement GASB 87 (NCIDA), none of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to each entity's financial statements taken as a whole.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to each entity's financial statements or the auditors' report. No such disagreements arose during the course of the audits.

### **Circumstances that Affect the Form and Content of the Auditors' Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditors' reports. There were no modifications to the audit opinions.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated consistent with the financial statement audit report date.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matter.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Organizations, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the Organizations, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organizations' auditors.

### **Other Matters**

We applied certain limited procedures to Management's Discussion and Analysis and other required supplementary information (RSI) regarding the New York State Employers' Retirement System pension plan which is required supplementary information (RSI) that supplements the basic financial statements for NCIDA. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements of NCIDA, NCDC, and NEDF, we made certain inquiries of management and evaluated the form, content, and methods of preparing the schedules to determine that the information complies with accounting principles generally accepted in the United States of America, the methods of preparing them has not changed from the prior period, and the schedules are appropriate and complete in relation to our audits of the Organizations' financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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This information is intended solely for the use of the Audit Committee, Board of Directors, and management of the Organizations. It is not intended to be and should not be used by anyone other than these specified parties.

*Lumden & McCormick, LLP*