

# **City of Tonawanda Local Development Corporation**



**Financial Statements  
December, 31 2022**

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# Lancaster Accounting & Tax Service

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
City of Tonawanda Local Development Corporation

### Opinion

I have audited the accompanying financial statements of the City of Tonawanda Local Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the City of Tonawanda Local Development Corporation as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

I conducted my audit 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Tonawanda Local Development Corporation and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 accounting principles generally accepted in the United States of America, 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 City of Tonawanda Local Development Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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 generally accepted auditing standards 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 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- 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 City of Tonawanda Local Development 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Tonawanda Local Development Corporation's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

#### **Report on Summarized Comparative Information**

I have previously audited City of Tonawanda Local Development Corporation's 2021 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated December 6, 2022. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated May 24, 2023 on my consideration of the City of Tonawanda Local Development Corporation's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my 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 City of Tonawanda Local Development 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 City of Tonawanda Local Development Corporation's internal control over financial reporting and compliance.

*Angela Dussault, CPA*

Lancaster, New York

June 24, 2023

# CITY OF TONAWANDA LOCAL DEVELOPMENT CORPORATION

## STATEMENTS OF FINANCIAL POSITION

As of December 31, 2022

(with Comparative Totals for 2021)

	<u>2022</u>	<u>Memorandum 2021*</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 193,607	\$ 202,468
Prepaid expenses	889	862
Total Current Assets	<u>194,496</u>	<u>203,330</u>
<b>Other Long Term Assets:</b>		
Cash with board designated restrictions	<u>30,000</u>	<u>30,000</u>
<b>Total Assets</b>	<u><u>\$ 224,496</u></u>	<u><u>\$ 233,330</u></u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable	<u>3,500</u>	<u>-</u>
<b>Total Current Liabilities</b>	<u>3,500</u>	<u>-</u>
Net Assets:		
Without donor restrictions:		
Board designated for rezoning	\$ 30,000	\$ 30,000
Undesignated	<u>190,996</u>	<u>203,330</u>
<b>Total Net Assets</b>	<u>220,996</u>	<u>233,330</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 224,496</u></u>	<u><u>\$ 233,330</u></u>

\* Certain amounts have been reclassified to conform to 2022 classifications

The accompanying notes are an integral  
part of these financial statements

# CITY OF TONAWANDA LOCAL DEVELOPMENT CORPORATION

## STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2022  
(with Comparative Totals for 2021)

	2022	Memorandum 2021*
<b>Changes in Net Assets without Donor Restrictions</b>		
Support and Revenues:		
City of Tonawanda support	\$ -	\$ 138,000
Government grants	-	45,000
<b>Total Support and Revenue without Donor Restrictions</b>	<u>-</u>	<u>183,000</u>
<b>Expenses</b>		
Program services:		
Economic Revitalization and Local Development	10,374	19,637
Supporting services:		
Management and general	1,960	461
<b>Total Expenses</b>	<u>12,334</u>	<u>20,098</u>
Decrease in Net Assets without Donor Restrictions	(12,334)	162,902
Net Assets, Beginning of Year	<u>233,330</u>	<u>70,428</u>
<b>Net Assets, End of Year</b>	<u>\$ 220,996</u>	<u>\$ 233,330</u>

\* Certain amounts have been reclassified to conform to 2022 classifications

The accompanying notes are an integral  
part of these financial statements

**CITY OF TONAWANDA LOCAL DEVELOPMENT CORPORATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2022**  
**(with Comparative Totals for 2021)**

	Program Services	Supporting Services	2022	Memorandum 2021*
	Economic Revitalization and Local Development	Management and General	Total	Total
Marketing	\$ 5,446	\$ -	\$ 5,446	\$ 6,360
Consulting and professional fees	3,400	600	4,000	13,020
Insurance	-	1,260	1,260	386
Website	316	-	316	123
Office supplies	503	-	503	-
Postage	345	-	345	134
Software subscriptions	209	-	209	-
Charitable contributions	100	-	100	-
Filing exemption fees	-	75	75	75
Conferences and meetings	55	-	55	-
Bank and merchant charges	-	25	25	-
Total expenses	<u>\$ 10,374</u>	<u>\$ 1,960</u>	<u>\$ 12,334</u>	<u>\$ 20,098</u>

\* Certain amounts have been reclassified to conform to 2022 classifications

The accompanying notes are an integral  
part of these financial statements

**CITY OF TONAWANDA LOCAL DEVELOPMENT CORPORATION**  
**STATEMENTS OF CASH FLOWS**

**For the Year Ended December 31, 2022**  
**(with Comparative Totals for 2021)**

	<u>2022</u>	<u>Memorandum 2021</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (12,334)	\$ 162,902
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Changes in assets and liabilities		
Prepaid expenses	(27)	(862)
Accounts payable	3,500	-
Net Cash (Used in) Provided by Operating Activities	<u>(8,861)</u>	<u>162,040</u>
(Decrease) Increase in Cash	(8,861)	162,040
Cash, Beginning of Year	<u>232,468</u>	<u>70,428</u>
<b>Cash, End of Year</b>	<u><u>\$ 223,607</u></u>	<u><u>\$ 232,468</u></u>
 <b>Supplemental Disclosure of Cash, End of Year</b>		
Cash and cash equivalents without donors restrictions	\$ 193,607	\$ 202,468
Cash and cash equivalents with board designated restrictions	30,000	30,000
Cash, End of Year	<u><u>\$ 223,607</u></u>	<u><u>\$ 232,468</u></u>

The accompanying notes are an integral  
part of these financial statements



# CITY OF TONAWANDA LOCAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A—NATURE OF ACTIVITIES

The City of Tonawanda Local Development Corporation (LDC), incorporated on July 11, 2017, under Section 202 and 1411 (c) of Not-for-Profit Corporation law for the purpose of facilitating the on-going, incremental economic and social development of the City of Tonawanda's main street and surrounding commercial areas within the context of historic preservation. LDC encourages economic revitalization through preservation projects, education, targeted marketing, and governance while advocating for community self-reliance and local empowerment.

The City of Tonawanda Local Development Corporation lessens the burden of government by fostering the creation, retention and expansion of jobs and economic opportunities for the benefits of the residents of the City of Tonawanda through the elimination of blight and combating community deterioration by fostering the preservation and redevelopment of properties within the City of Tonawanda.

### NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles ("US GAAP"), which require resources to be classified for accounting and financial reporting purposes into categories established according to their nature and purposes to ensure observance of limitations and restrictions placed on their use.

#### **Basis of Presentation**

Resources are classified for accounting and financial reporting purposes into categories established according to their nature and purposes to ensure observance of limitations and restrictions placed on their use. The City of Tonawanda Local Development Corporation's assets, liabilities, and net assets are reported in two categories as follows:

##### ***Net assets without donor restrictions***

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are those resulting from the nature of the City of Tonawanda Local Development Corporation and its purposes. Grants and contributions gifted for recurring programs are generally not considered "restricted" under US GAAP, though for internal reporting, LDC tracks such grants and contributions to verify that the disbursement matches the intent. Assets restricted solely through the actions of the board are reported as net assets without donor restrictions, board-designated.

##### ***Net assets with donor restrictions***

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions of net assets are reported as reclassifications between the applicable classes of net assets.

# **CITY OF TONAWANDA LOCAL DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

#### **Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting year. Accordingly, actual results could differ from those estimates.

#### **Litigation**

LDC is subject to litigation in the ordinary conduct of affairs. Management has stated that there is no current litigation.

#### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, LDC considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At times cash may exceed federally insured limits. The City of Tonawanda Local Development Corporation has not experienced losses in such accounts and believes they are not exposed to any significant risk with regards to cash. Board designated restrictions on cash was \$30,000 as of December 31, 2022 and 2021, respectively. There were no contractual restrictions on cash as of December 31, 2022 and 2021.

#### **Prepaid Expenses**

Prepaid expenses are expenses paid in advance for insurance costs. As of December 31, 2022 and 2021, prepaid expenses were \$889 and \$862, respectively.

#### **Revenue Recognition**

Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the City of Tonawanda Local Development Corporation and are recognized either over time or at a point in time. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred through a point in time in relation to total actual charges incurred. LDC believes that this method provides a useful depiction of the provision of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time are recognized when goods or services are provided to customers, and there is no further requirement to provide additional goods or services. LDC determines the transaction price based on standard charges for goods and services provided, reduced by any discounts provided. The City of Tonawanda Local Development Corporation determines its estimates of discounts based on its discount policies and historical experience. Occasionally, LDC purchases items at a discount rate and values the discount as a donation, as the difference between the price, excluding the discount, for the purchased item, and the price paid to obtain the item. For the years ended December 31, 2022 and 2021, LDC did not receive or provide any discounts

Contracts with governing agencies include multiple services. Determining whether services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Any monies received before qualifying expenditures occur are recognized in the statement of financial position as deferred revenue. There were no amounts reported as deferred revenue from contracts with governing agencies during as of December 31, 2022 and 2021.

#### **Grant Revenue Recognition**

LDC receives grants from various other grantors for direct and indirect program costs associated with specific programs and projects. The grants received are subject to certain restrictions, which are met by incurring qualifying expenses for the particular program or project that is funded by the grant. Revenue from such grants is recognized when the funds have been expended on activities stipulated in the grant agreement. Grants that are considered nonreciprocal transactions or gifts that further the programs of the City of Tonawanda Local Development Corporation are recorded when LDC receives notification of the grant award or gift, or, if conditions for performance are imposed, revenue is recognized when conditions have been met.

# **CITY OF TONAWANDA LOCAL DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

#### **Special Events**

Revenues from event registration are reported in the fiscal year in which the event is held. All proceeds from registrations received prior to year-end but relating to events held after the financial statement position date, are recorded as deferred revenue. There were no deferred ticket sales from special events as of December 31, 2022 and 2021.

If special event sponsorships are received the revenue is recognized as both a contract with a customer and a contribution. In such instances, the City of Tonawanda Local Development Corporation determines the fair value of the benefit provided to the sponsor and reduces the special event revenue by the benefit provided. For the years ended December 31, 2022 and 2021, there were no benefits provided to donors.

#### **Contributions**

Contributions and grants are reported as without or with donor restrictions, depending on the existence or nature of any restrictions, or both. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restrictions. Noncash contributions are recorded at their fair market value at the date of contribution. Contributions received with donor restrictions whose restrictions are met in the same reporting period they are received are generally reported as support without donor restrictions in the same reporting year.

Gifts of equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor-imposed restrictions that specify how the assets are to be used, and gifts of cash or other assets that the donor stipulates must be used to acquire long-lived assets, are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

#### **Contributed Services**

LDC benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in LDC's program operations. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. US GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. No contributed services meeting the criteria was provided for the years ended December 31, 2022 and 2021.

#### **Functional Allocation of Expenses**

The cost of providing LDC's programs and other activities is summarized on a functional basis in the statement of activities and the statement of functional expenses. Expenses that can be specifically identified with a specific program or support service are charged directly to the program or support service. Management and general expenses are allocated based on direct usage. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. LDC generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising.

The Statement of Functional Expenses Presentation of the 2021 expenses, are not complete and have been displayed at their total values and is included for memorandum purposes.

# CITY OF TONAWANDA LOCAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

#### **Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

#### **Marketing**

LDC expenses marketing costs as they are incurred. Marketing expenses were \$5,446 and \$6,360 for the years ended December 31, 2022 and 2021, respectively.

#### **New Accounting Pronouncements**

On September 17, 2020, FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958) – Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets. The update addresses concerns about the lack of transparency about the measurement of gifts-in-kind. The standard does not change accounting and recognition of nonfinancial assets but rather the presentation and disclosure requirements in the financial statements. The standard requires that not-for-profit entities present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. In addition, the standard requires a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets to provide a clearer understanding of the types of nonfinancial assets received.

Furthermore, for each category of contributed nonfinancial assets recognized not-for-profit entities are required to disclose qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, not-for-profit entities are required to disclose a description of the programs or other activities in which those assets were used. If monetized, not-for-profit entities are required to disclose their policy, a description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition and the principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. City of Tonawanda Local Development Corporation has adjusted the presentation and disclosure of these statements accordingly. The ASU has been applied prospectively to all periods presented.

Effective July 1, 2019, the LDC adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, as amended. This guidance is intended to improve financial reporting of lease transactions by requiring LDCs that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than 12 months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The City of Tonawanda Local Development Corporation elected the effective date transition method and the package of practical expedients that permits no reassessment of whether any expired or existing contracts are or contain a lease, the lease classification for any expired or existing leases, and any initial direct costs for any existing leases as of the effective date.

In allocating consideration in the contract to the separate lease components and the non-lease components, the LDC uses the standalone prices of the lease and non-lease components. Observable standalone prices are used, if available. If the standalone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment. In determining the discount rate used to measure the right-of-use asset and lease liability, the LDC uses rates implicit in the lease, or if not readily available, the LDC uses their incremental borrowing rate. The incremental borrowing rate is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by the LDC's assets. Determining a credit spread as secured by the LDC's assets may require significant judgment.

# CITY OF TONAWANDA LOCAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

#### **Income Tax Status**

LDC is a not-for-profit exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC) and it is not a “private foundation” within the meaning of Section 509(a), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions of money or property, or both, are entitled to the maximum charitable deduction allowed by Section 170 of the IRC. Management is not aware of any tax positions that would have a significant impact on its financial position. LDC’s tax returns for the last four years remain subject to examination. The City of Tonawanda Local Development Corporation is registered with New York State as a nonprofit LDC under both Article 7-A and the EPTL.

### NOTE C—AVAILABILITY AND LIQUIDITY

The following represents LDC’s financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 193,607	\$ 202,468
Cash with board designated restrictions	30,000	30,000
Total financial assets available within one year	223,607	232,468
Less:		
Amounts unavailable to LDC without board approval		
Board designated for rezoning	(30,000)	(30,000)
Total amounts unavailable to LDC without board approval	(30,000)	(30,000)
Financial assets available to meet general expenditures over the next twelve months	\$ 193,607	\$ 202,468

LDC’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$3,041).

### NOTE D—NET ASSETS

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by LDC. Undesignated net assets represent net assets that are available for operations and bear no external restrictions.

For the years ended December 31, 2022 and 2021, net assets without donor restrictions were as follows:

	2022	2021
Board designated for rezoning project	\$ 30,000	\$ 30,000
Undesignated	190,996	203,330
Total net assets without donor restrictions	\$ 220,996	\$ 233,330

### NOTE I— COVID-19 ECONOMIC IMPACT

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. The COVID-19 outbreak is also disrupting supply chains and affecting the production and sales across a range of industries. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the City of Tonawanda Local Development Corporation is unsure if this matter will negatively impact its operating results. The extent of

# **CITY OF TONAWANDA LOCAL DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE I— COVID-19 ECONOMIC IMPACT (*Continued*)**

the impact of COVID-19 on LDC's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, as well as the impact on the LDC's members and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition of the City of Tonawanda Local Development Corporation or result of operation is uncertain.

### **NOTE J—EVALUATION OF SUBSEQUENT EVENTS**

LDC has evaluated subsequent events through June 24, 2023, the date which the financial statements were available to be issued. No subsequent events were identified.

# Lancaster Accounting & Tax Service

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## INDEPENDENT AUDITOR'S 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*

To the Board of Directors of  
City of Tonawanda Local Development Corporation

I 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 the City of Tonawanda Local Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the City of Tonawanda Local Development 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Tonawanda Local Development Corporation's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Tonawanda Local Development 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Tonawanda Local Development Corporation's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Tonawanda Local Development 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 City of Tonawanda Local Development Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Angela Dussault, CPA*

Lancaster, New York

June 24, 2023