

**N.F.C. DEVELOPMENT CORPORATION  
(A Discretely Presented Component Unit of the City of  
Niagara Falls, New York)**

**REPORT TO THE BOARD OF DIRECTORS**

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**DECEMBER 31, 2020**

Trust earned.



March 26, 2021

To the Members of the Board of Directors  
N.F.C. Development Corporation  
745 Main Street, PO Box 69  
Niagara Falls, New York 14302

Members of the Board:

We are pleased to present this report related to our audit of the financial statements of the N.F.C. Development Corporation (the Corporation) as of and for the year ended December 31, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Corporation's financial and compliance reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Corporation.

Very truly yours,

*Freed Maxick CPAs, P.C.*  
Freed Maxick CPAs, P.C.

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Buffalo, New York 14202

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## Required Communications

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Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<b>Our Responsibilities with Regard to the Financial Statement Audit</b>	<p>Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States has been described to you in our arrangement letter dated January 4, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.</p>
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	<p>We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.</p>
<b>Accounting Policies and Practices</b>	<p><b>Preferability of Accounting Policies and Practices</b> Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p><b>Adoption of, or Change in, Accounting Policies</b> Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Corporation. In the current year, the Corporation implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 95, <i>Postponement of Effective Dates of Certain Authoritative Guidance</i>.</p> <p><b>Significant or Unusual Transactions</b> We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><b>Management's Judgments and Accounting Estimates</b> Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates."</p>

## **Required Communications (Continued)**

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<b>Area</b>	<b>Comments</b>
<b>Basis of Accounting</b>	The financial statements were prepared on assumption that the entity will continue as a going concern.
<b>Audit Adjustments</b>	There were no audit adjustments made to the original trial balance presented to us to begin our audit.
<b>Uncorrected Misstatements</b>	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
<b>Disagreements with Management</b>	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
<b>Consultations with Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed with Management</b>	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
<b>Significant Difficulties Encountered in Performing the Audit</b>	We did not encounter any significant difficulties in dealing with management during the audit.
<b>Significant Written Communication Between Management and Our Firm</b>	A copy of the representation letter provided to us by management is attached as Exhibit A.

**N.F.C Development Corporation**  
**Summary of Significant Accounting Estimates**  
**Year Ended December 31, 2020**

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Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimate reflected in the Corporation's December 31, 2020 financial statements:

<b>Estimate</b>	<b>Accounting Policy</b>	<b>Management's Estimation Process</b>	<b>Basis of Our Conclusions on Reasonableness of Estimate</b>
<b>Allowance for Uncollectible Loans</b>	Management estimates the collectability of their loan portfolio on a loan by loan basis based on conditions that exist at the time of the audit.	Management reviews loan payment history and correspondence with borrowers in evaluating the allowance for uncollectible loans every year.	Management's process to estimate the allowance for uncollectible loans appears reasonable.



To the Members of the Board of Directors  
N.F.C. Development Corporation  
Niagara Falls, New York 14302

In planning and performing our audits of the financial statements of N.F.C. Development Corporation (the Corporation), as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, 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 opinions on the separate financial statements, but not for the purpose of expressing 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of management, the Finance & Audit Committees, Boards of Directors, and others within the Corporation. It is not intended to be, and should not be, used by anyone other than these specified parties.

*Freed Maxick CPAs, P.C.*

Buffalo New York  
March 26, 2021

**EXHIBIT A – SIGNIFICANT WRITTEN COMMUNICATION BETWEEN  
MANAGEMENT AND OUR FIRM**



**N.F.C. DEVELOPMENT CORPORATION**  
**(A Discretely Presented Component Unit of the City of Niagara Falls, New York)**  
**745 MAIN STREET, P.O. BOX 69**  
**NIAGARA FALLS, NEW YORK 14302**

March 26, 2021

Freed Maxick CPAs, P.C.  
424 Main Street, Suite 800  
Buffalo, New York 14202

This representation letter is provided in connection with your audit of the financial statements of the N.F.C. Development Corporation (the Corporation) as of and for the year ended December 31, 2020 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, that as of the date of the auditor's report:

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated January 4, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of the U.S. GAAP. Types of related party transactions engaged by the Corporation include:
  - a. Those with the primary government having accountability for the Agency
  - b. Those with other organizations for which the nature and significance of their relationship with the Corporation are such that exclusion would cause the reporting of the Corporation's financial statements to be misleading or incomplete, including accounts receivable and payable, sale and purchase transactions, leasing and shared-service arrangements
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.