THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Financial Statements and
Supplementary Information

March 31, 2014

(With Independent Auditors' Report Thereon)

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Contents

	Page
Independent Auditors' Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13
Schedule of Expenditures of Federal Awards	14
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	15 - 16
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	17 - 18
Schedule of Findings and Questioned Costs	19
Status of Prior Year Audit Findings	20

* * * * *

TOSKI & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Cheektowaga Economic Development Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of The Cheektowaga Economic Development Corporation (the Corporation), which comprise the statement of financial position as of March 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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. 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Corporation'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 Corporation'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 The Cheektowaga Economic Development Corporation as of March 31, 2014, 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.

Report on Summarized Comparative Information

We have previously audited The Cheektowaga Economic Development Corporation's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2013, is consistent, in all material respects, with the audited financials statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such 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. The 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 information 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 October 7, 2014, on our consideration of The Cheektowaga Economic Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 The Cheektowaga Economic Development Corporation's internal control over financial reporting and compliance.

Toski & Co., CPAs, P.C.

Williamsville, New York
October 7, 2014

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
Statement of Financial Position
March 31, 2014
with comparative totals for 2013

Assets	2014	2013
Cash:		
Checking account	$ 389,910	204,427
Savings account	68,912	167,464
Total cash	458,822	371,891
Certificates of deposit	234,927	234,623
Amount due from HUD	178	-
Accrued interest receivable	193,710	186,857
Loans receivable:		
Comtec of W.N.Y., Inc.	29,476	61,998
Walden Commerce Exchange	130,535	130,535
Buffalo Crown Vending, Inc.	-	9,417
Global Asset Management Solutions	186,658	-
Culinary Arts Specialties, Inc.	-	39,430
Gordon Companies, Inc.	402,412	482,744
SMG/GCI, LLC, less allowance for doubtful account of $31,287 in 2014	-	32,187
930 Bailey Avenue, LLC	309,513	417,535
John and Sue of WNY, Inc.	65,547	74,138
Total loans receivable	1,124,141	1,247,984
Total assets	$ 2,011,778	2,041,355
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	6,348	10,048
Amount due to Culinary Arts Specialties, Inc.	1,219	-
Amount due to HUD	-	504
Total liabilities	7,567	10,552
Unrestricted net assets	2,004,211	2,030,803
Total liabilities and net assets	$ 2,011,778	2,041,355

See accompanying notes to financial statements.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
Statement of Activities
Year ended March 31, 2014
with comparative totals for 2013

	2014	2013
Unrestricted revenue:		
Loan interest	$ 16,856	20,530
Contributed services	10,700	7,100
Miscellaneous	1,521	9,240
Total unrestricted revenue	29,077	36,870
Unrestricted expenses:		
Program services	45,063	31,801
Management and general	10,606	14,008
Total unrestricted expenses	55,669	45,809
Decrease in unrestricted net assets	(26,592)	(8,939)
Unrestricted net assets at beginning of year	2,030,803	2,039,742
Unrestricted net assets at end of year	$ 2,004,211	2,030,803

See accompanying notes to financial statements.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
Statement of Functional Expenses
Year ended March 31, 2014
with comparative totals for 2013

	Program services	Management and general	Total 2014	Total 2013
Contributed services	$ 4,850	5,850	10,700	7,100
Professional fees	-	3,881	3,881	10,130
Consulting	7,425	-	7,425	25,800
Business meetings	1,326	-	1,326	1,696
Advertising	175	-	175	255
Bad debt expense	31,287	-	31,287	-
Miscellaneous	-	875	875	828
Total unrestricted expenses	$ 45,063	10,606	55,669	45,809

See accompanying notes to financial statements.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION
Statement of Cash Flows
Year ended March 31, 2014
with comparative totals for 2013

	2014	2013
Cash flows from operating activities:		
Decrease in unrestricted net assets	$ (26,592)	(8,939)
Adjustments to reconcile decrease in unrestricted net assets to net cash provided by (used in) operating activities:		
Increase in provision for doubtful accounts	31,287	-
Increase in due from HUD	(178)	-
Increase in accrued interest receivable	(6,853)	(6,853)
Principal payments on loans receivable	292,556	318,439
Loans granted during the year	(200,000)	(880,000)
Decrease in accounts payable and accrued expenses	(3,700)	(5,516)
Decrease in amount due to HUD	(504)	(1,243)
Increase in due to Culinary Arts Specialties, Inc.	1,219	-
Net cash provided by (used in) operating activities	87,235	(584,112)
Cash flows from investing activities - increase in certificates of deposit	(304)	-
Net increase (decrease) in cash	86,931	(584,112)
Cash at beginning of year	371,891	956,003
Cash at end of year	$ 458,822	371,891
Supplemental schedule of non-cash operating activities:		
Contributed services revenue	$ 10,700	7,100
Contributed services expense	$ 10,700	7,100

See accompanying notes to financial statements.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements

March 31, 2014

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

The Cheektowaga Economic Development Corporation (the Corporation) was formed on June 10, 1983 pursuant to resolution of the Town Board of the Town of Cheektowaga, New York (the Town), as a quasi-public local development corporation under the New York Not-For-Profit Corporation Law. The Corporation was intended to combat community deterioration, protect and increase the local tax base, retain and create private sector employment in the municipality and lessen the burdens upon local government by operating a program to retain and attract private sector industry and business to the Town.

The Corporation has been designated by the Town's Community Development Program under the Department of Housing and Urban Development (HUD) regulation as a sub-recipient to carry out community economic development under the Community Development Block Grant Program. Funds have been obligated by the Town under its Community Development Block Grant program to fund a revolving loan program to be administered by the Corporation, permitting the financing of a portion of the costs of private industrial relocation or expansion taking place within the boundaries of the municipality. Funds generated through the loan program, in the nature of interest and principal payments on loans made, are returned to the loan program and are used for making additional approved loans and payment of administrative costs of the program, as permitted under HUD regulations.

(b) Basis of Presentation

The financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Accordingly, the Corporation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Corporation had only unrestricted net assets in 2014 and 2013.

(c) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(1) Summary of Significant Accounting Policies, Continued

(d) Cash

For purposes of the statement of cash flows, the Corporation considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(e) Loans Receivable and Allowance for Doubtful Loans

Loans receivable are stated at their principal amount outstanding, less an allowance for doubtful loans. Interest income and commitment fees on loans are accrued as earned. The allowance for doubtful loans is established through charges against current operations and is maintained at a level which management considers adequate to provide for potential loan losses based on their evaluation of past loan experience, current economic conditions and known risks in the loan portfolio. Interest is not accrued on loans receivable when management believes that the borrower's financial condition, after giving consideration to economic and business conditions and collection efforts, is such that collection of interest is doubtful. In such cases, interest is recognized on a cash basis when collection occurs.

(f) Contributed Services

During the years ended March 31, 2014 and 2013, the value of contributed services meeting the requirements for recognition in the financial statements amounted to $10,700 and $7,100, respectively. These services were provided to the Corporation by the Town.

(g) Income Taxes

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes is reflected in the financial statements. The Corporation has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Corporation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Corporation has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Corporation are subject to examination by taxing authorities. The Corporation is no longer subject to tax examination for the years ended March 31, 2010, and prior.

(h) Subsequent Events

Management has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(2) Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(3) Certificates of Deposit

Certificates of deposit at March 31, 2014 and 2013 are considered to be level 1 assets as described in note 2 and consist of the following:

	2014	2013
0.01% due April 9, 2013	$ -	50,000
0.01% due April 9, 2013	-	50,000
0.01% due October 7, 2014	50,000	-
0.01% due October 7, 2014	50,000	-
0.15% due April 22, 2013	134,927	134,623
	$ 234,927	234,623

(4) Concentrations of Credit Risk

The Corporation provides funds under a revolving loan program to businesses located within the boundaries of the municipality of Cheektowaga, New York. The Corporation performs ongoing credit evaluations of its loans receivable and substantially all loans require collateral (note 5).

(5) Loans Receivable

Loans receivable at March 31, 2014 and March 31, 2013 are considered to be level 3 assets as described in note 2 and consist of the following:

	2014	2013
Comtec of W.N.Y., Inc.		
The original amount of this loan, issued April 30, 2009, was $220,000; however, at March 31, 2014, only $90,185 has been disbursed. The note is secured by a collateral security mortgage on certain real property and by the personal guarantee of a corporate officer. The note bears interest at 2.6% per annum. The note has a term of 6 years and is payable in monthly installments of $2,619.	$ 29,476	61,998
Walden Commerce Exchange (Note 6)		
The original amount of this loan, issued May 26, 1993, was $100,000 and was later amended to $150,000; however, at March 31, 2014, only $130,535 has been disbursed. The loan is unsecured and bears interest at a rate of 2% in excess of the prime rate offered by HSBC Bank. The note is payable on demand.	130,535	130,535

(5) Loans Receivable, Continued

	2014	2013
Buffalo Crown Vending Inc. The original amount of this loan, issued April 10, 2006, was $74,242, and is secured by a collateral security mortgage on certain real property and a general security interest in other assets. The note bears interest at 2.6% per annum at March 31, 2014. The note has a term of 7 years and is payable in monthly installments of $1,091.	$ -	9,417
Global Asset Management Solutions, Inc. The original amount of this loan, issued June 6, 2013, was $200,000, and is secured by a collateral security mortgage on certain real property, a general security interest - in other assets, and a personal guarantee of the Company's owners. The note bears interest at .50% per annum. The note has a term of 5.5 years and is payable in monthly interest only installments of $83.33 for the first six months and $3,375.87 each month thereafter.	186,658	-
Culinary Arts Specialties, Inc. The original amount of this loan, issued December 1, 2005, was $400,000, and is secured by a security interest in specific equipment and all company assets. The security interest is subordinate to the interests in such property and assets as shall be granted in favor of Citizens Bank. The note bears interest at 2.6% per annum. The note has a term of 8 years and is payable in monthly installments of $5,050, subject to the adjusted interest rate.	-	39,430
Gordon Companies, Inc. The original amount of this loan, issued April 28, 2008, was $340,000. On December 22, 2010, an additional $200,000 was advanced to Gordon Companies, Inc. and a consolidated loan was issued for $327,308. The loan is secured by a collateral security mortgage on certain real property, a general security interest in other assets and the personal guarantee of the company's owner. The mortgage and security interest is subordinate to the interests in such property and assets as shall be granted in favor of Five Star Bank. The note bears interest at 2.6% per annum. The note has a term of 5 years and is payable in monthly installments of $5,823.	116,631	182,744

(5) Loans Receivable, Continued

	2014	2013
Gordon Companies, Inc. The original amount of this loan, issued February 7, 2013, was $300,000, and is secured by a collateral security mortgage on the property, a general security interest in other assets, proceeds of all life insurance policies, and the personal guarantee of the company's owner. The life insurance interest is subordinate to the interests in the proceeds and shall be granted in favor of Five Star Bank and Amazon Capital Services, Inc. The note bears interest at .5% per annum. The note has a term of 5 years and is payable in monthly installments of $1,314 with a balloon payment of $227,788 due by March 31, 2018.	$ 285,781	300,000
SMG/GCI, LLC The original amount of this loan, issued March 31, 2009, was $60,000. The note bears interest at 2.6% per annum. The loan is secured by a general security interest in all assets of the company and by the personal guarantee of the company's officers. The note has a term of 5 years and is payable in monthly installments of $1,119. An agreement was made allowing payments of interest only to be made for the period of December 1, 2012 through May 31, 2013. During 2014, an allowance for doubtful accounts has been established for the remaining balance.	-	32,187
930 Bailey Avenue, LLC The original amount of this loan, issued April 4, 2012, was $500,000, and is secured by a collateral security mortgage on the property, and a corporate security interest in other assets of the company. The collateral security mortgage is subordinate to the interests in the proceeds and shall be granted in favor of First Niagara Funding, Inc. The note bears interest at .5% per annum. The note has a term of 5 years and is payable in monthly installments of $8,440.	309,513	417,535
John and Sue of WNY, Inc. The original amount of this loan, issued May 23, 2012, was $80,000, and is secured by all corporate assets, the personal guarantee of the company's owners and the second position mortgage on the owners' personal residence. The note bears interest at .5% per annum. The note has terms of 10 years and is payable in monthly installments of $684.	65,547	74,138
Total loans receivable	$ 1,124,141	1,247,984

(5) Loans Receivable, Continued

The table below sets forth a summary of changes in the fair value of the Corporation's level 3 assets for the years ended March 31, 2014 and March 31, 2013:

	2014	2013
Balance at beginning of year	$ 1,247,984	686,423
Add loans issued	200,000	880,000
Less allowance for doubtful accounts	(31,287)	-
Less amounts repaid	(292,556)	(318,439)
Balance at end of year	$ 1,124,141	1,247,984

A summary of current, past due and nonaccrual loans as of March 31, 2014 are as follows:

Category	Current	30 - 90 days past due	Nonaccrual	Total
Commercial	$ 1,124,141	-	-	1,124,141

(6) Related Party

Walden Commerce Exchange is a joint venture between the Corporation and Ciminelli Development Company, Inc. formed for the purpose of acquiring, developing and leasing or selling certain real property located in the Town. The Corporation accounts for this investment using the equity method of accounting. On February 24, 2000, the approved loan amount was amended to $150,000. The balance outstanding on the loan as of March 31, 2014 and 2013 amounted to $130,535. Accrued interest receivable at March 31, 2014 and 2013 represents $193,710 and $186,857, respectively, of interest associated with the loan. At March 31, 2014 and 2013, there was no investment balance with regard to the Walden Commerce Exchange under the equity method.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Schedule of Expenditures of Federal Awards

Year ended March 31, 2014

Federal Grantor/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development - Community Development Block Grants/Entitlement Grants	14.218	$ 1,124,141

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of The Cheektowaga Economic Development Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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
The Cheektowaga Economic 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 The Cheektowaga Economic Development Corporation (the Corporation), which comprise the statement of financial position as of March 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 7, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation'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.

6390 Main Street, Suite 200 | Williamsville, New York 14221 | P 716.634.0700 | TF 800.546.7556 | F 716.634.0764 | ToskiCPA.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
October 7, 2014

TOSKI & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of Directors
The Cheektowaga Economic Development Corporation:

Report on Compliance for the Major Federal Program

We have audited The Cheektowaga Economic Development Corporation's (the Corporation) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the Corporation's major federal program for the year ended March 31, 2014. The Corporation's major federal program is 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 the requirements of laws, regulations, contracts and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Corporation's major federal program 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133). Those standards and OMB Circular A-133 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 the Corporation'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 the major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

6390 Main Street, Suite 200 | Williamsville, New York 14221 | P 716.634.0700 | TF 800.546.7556 | F 716.634.0764 | ToskiCPA.com

Opinion on the Major Federal Program

In our opinion, The Cheektowaga Economic Development Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2014.

Report on Internal Control Over Compliance

Management of the Corporation 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 the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the Corporation'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 be 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.

Purpose of this Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
October 7, 2014

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Schedule of Findings and Questioned Costs

Year ended March 31, 2014

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
1. Material weakness(es) identified?	____Yes __x__No
2. Significant deficiency(ies) identified not considered to be material weakness(es)?	____Yes __x__None reported
3. Noncompliance material to financial statements noted?	____Yes __x__No

Federal Awards:

Internal control over major programs:	
4. Material weakness(es) identified?	____Yes __x__No
5. Significant deficiency(ies) identified not considered to be material weakness(es)?	____Yes __x__None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))?	____Yes __x__No
7. The Corporation's major program audited was:	

Name of Federal Program	CFDA Number
U.S. Department of Housing and Urban Development - Community Development Block Grants/Entitlement Grants	14.218

8. Dollar threshold used to distinguish between Type A and Type B programs?	$300,000
9. Auditee qualified as low-risk auditee?	__x__Yes ____No

Part II - FINDINGS - FINANCIAL STATEMENT AUDIT

No reportable findings.

Part III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No reportable findings and questioned costs.

THE CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Status of Prior Year Audit Findings

March 31, 2014

There were no audit findings with regard to the prior year financial statements (March 31, 2013).