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February 29, 2020

To the Audit Committee
Cattaraugus County Economic Sustainability
and Growth Corporation (CCESCG)

We have audited the financial statements of ***CCESCG*** for the year ended December 31, 2019 and have issued our report thereon dated February 29, 2020. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated December 19 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. We performed the audit according to the planned scope and timing previously communicated in our discussion with management.

Accounting Policies and Disclosures

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise you about the appropriateness of accounting policies and their application. The significant accounting policies used by ***CCESCG*** are described in Note 1 to the financial statements. The Organization adopted the provisions of ASU 2018-08 for the year ending December 31, 2019. We did not note any transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was in Note 1 – Summary of Significant Accounting Principles. The disclosure in this footnote describes the accounting rules used in the preparation of the audit report.

Reporting on Internal Controls

In planning and performing our audit of the financial statements of ***CCESCG*** as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered ***CCESCG's*** internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 organization'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.

Recommendations

Financial Policies

The IRS has enhanced its oversight of the non-profit sector significantly over recent years. Part of this oversight process includes a checklist on Form 990 that includes several questions about whether or not the agency has certain policies in place, including the following:

- Conflict of interest
- Whistleblower
- Document retention and destruction
- Capitalization of expenditures
- Code of conduct

Accounting System

With the annual revenues and expenses of the Organization increasing, management should explore developing a more formalized accounting system. While the current system of tracking costs and receipts is functional, it will become more of a challenge to accurately track grant receipts and expenditures as the activities of the Organization increase. Along with this, management should draft a written financial procedures manual, dictating proper practices over the accounting for cash receipts, purchasing, disbursements, and bank reconciliations.

Other Notes

- Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The adjusting journal entries we proposed as part of our audit have been reviewed and accepted by management.
- We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as auditors.
- We have requested certain representations from management that are included in a representation letter dated February 29, 2020.
- To our knowledge, there were no consultations with other accountants regarding the audit.
- We did not have any disagreements with management regarding accounting principles.

This information is intended solely for the use of the audit committee of ***CCESCG*** and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Bysiek CPA, PLLC

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