

**NIAGARA POWER COALITION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Niagara Power Coalition, Inc.

We have audited the accompanying balance sheets of Niagara Power Coalition (the Coalition), a nonprofit organization, as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 entity'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 entity'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 Coalition as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2021 on our consideration of the Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Coalition's internal control over financial reporting and compliance.

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March 16, 2021

NIAGARA POWER COALITION, INC.

**Balance Sheets**

<b>December 31,</b>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash	\$ 157,066	\$ 142,520
Membership dues receivable	5,393	5,732
Prepaid expenses	-	681
Amounts held for the benefit of Host Community Standing Committee (Note 2)	<u>7,044,692</u>	<u>5,413,089</u>
	<u>\$ 7,207,151</u>	<u>\$ 5,562,022</u>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 2,178	\$ 3,663
Amounts due to Host Community Standing Committee (Note 2)	<u>7,044,692</u>	<u>5,413,089</u>
	<u>7,046,870</u>	<u>5,416,752</u>
<b>Net assets without donor restrictions</b>	<u>160,281</u>	<u>145,270</u>
	<u>\$ 7,207,151</u>	<u>\$ 5,562,022</u>

See accompanying notes.

NIAGARA POWER COALITION, INC.

**Statements of Activities**

For the years ended December 31,	2020	2019
<b>Net assets without donor restrictions:</b>		
<b>Revenue and other support:</b>		
Membership dues	\$ 48,750	\$ 53,501
<b>Expenses:</b>		
Program services		
Legal fees	9,987	9,430
Meetings	94	1,847
Salaries and benefits	5,276	5,427
	<u>15,357</u>	<u>16,704</u>
Management and general		
Legal and other professional fees	9,229	9,043
Salaries and benefits	5,275	5,427
Office supplies and other	3,878	5,092
	<u>18,382</u>	<u>19,562</u>
Total expenses	<u>33,739</u>	<u>36,266</u>
Change in net assets	15,011	17,235
Net assets - beginning	<u>145,270</u>	<u>128,035</u>
<b>Net assets - ending</b>	<b>\$ 160,281</b>	<b>\$ 145,270</b>

See accompanying notes.

NIAGARA POWER COALITION, INC.

**Statements of Cash Flows**

<b>For the years ended December 31,</b>	<b>2020</b>	<b>2019</b>
<b>Operating activities:</b>		
Change in net assets	\$ 15,011	\$ 17,235
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in assets and liabilities:		
Membership dues receivable	339	(5,732)
Prepaid expenses	681	-
Accounts payable	(1,485)	(2,000)
<b>Net operating activities</b>	<b>14,546</b>	<b>9,503</b>
Cash - beginning	<b>142,520</b>	133,017
<b>Cash - ending</b>	<b>\$ 157,066</b>	<b>\$ 142,520</b>

**Notes to Financial Statements**

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**1. Summary of Significant Accounting Policies:**

**Nature of Organization**

Niagara Power Coalition, Inc. (the Coalition) is a not-for-profit membership organization established to work with elected officials and representatives of the United States Federal Government and New York State Government in dealing with the New York State Power Authority (the Power Authority) and the relicensing of its Niagara County Facility. The Coalition is funded entirely by dues collected from seven governmental member organizations located within the boundaries of the Niagara Power Project. Coalition members include the County of Niagara, the City of Niagara Falls, the Town of Lewiston, the Town of Niagara, the Niagara Wheatfield Central School District, the Niagara Falls City School District, and the Lewiston Porter Central School District.

**Net Assets**

The Coalition is required to report information regarding financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets with donor restrictions are those whose use has been limited by donors for a specific time period, purpose, or to be maintained by the Coalition in perpetuity. The Coalition does not currently maintain any net assets with donor restrictions.

**Subsequent Events**

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 16, 2021, the date the financial statements were available to be issued.

**Use of 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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash**

At various times, cash in financial institutions may exceed federally insured limits and subject the Coalition to concentrations of credit risk.

**Revenue Recognition**

The Coalition's revenue consists primarily of dues assessed the seven member organizations. Dues are billed quarterly and recognized in revenue in the month earned. Payment is typically due within 30 days of invoice.

**Functional Expense Allocation**

The Coalition's costs of providing its services have been summarized on a functional basis in the statement of activities. Accordingly, all costs are specifically identified and charged to the functions to which they provide benefit.

**Income Taxes**

The Coalition is a §501(c)(4) organization exempt from income taxes under §501(a) of the Internal Revenue Code.

**2. Amounts Held for the Host Community Standing Committee:**

The Host Community Relicensing Settlement Agreement provides for the organization of the Host Community Greenway Fund Standing Committee (the Committee) to administer and oversee projects financed by the Greenway Recreation/Tourism Fund (the Fund). The Committee consists of all seven members of the Coalition and the Power Authority. The Power Authority is required to annually deposit \$3,000,000 into the Fund. The Committee is responsible for selecting projects to be financed by the Fund and for ensuring that funds are used for construction and/or rehabilitation of parks, recreation, and related facilities, for the purpose of redefining the Niagara riverfront, promoting tourism, enhancing the environment, and advancing the economic revitalization of the Niagara River Greenway within Niagara County. Money market accounts are held for each of the host communities. Funds are allocated among the individual host community accounts in accordance with the percentages

stated in the Coalition's by-laws, which allocation percentages can only be amended by unanimous vote of the Coalition's members. The Coalition, however, has no control over the approval of the projects or the disbursement of monies by the Committee.

The Committee is also responsible for the audit of individual projects to ensure that expenditure of grant funds is consistent with the requirements of the project and the intent of the Fund.

Cash balances and allocation percentages as of December 31, 2020 and 2019 are as follows:

		<u>2020</u>	<u>2019</u>
County of Niagara	13%	\$ 571,761	\$ 181,657
City of Niagara Falls	17%	1,563,598	984,101
Town of Lewiston	17%	1,232,415	722,042
Town of Niagara	13%	1,877,704	2,086,720
Lewiston Porter Central School District	14%	437,000	436,789
Niagara Falls City School District	14%	231,270	231,174
Niagara Wheatfield Central School District	12%	1,086,159	725,789
		<u>6,999,907</u>	<u>5,368,272</u>
Checking account		44,785	44,817
		<u>\$ 7,044,692</u>	<u>\$ 5,413,089</u>

As of December 31, 2020, six projects have been approved for funding approximating \$17,968,000 of which \$11,139,653 has been disbursed to date.

The funding summary for the years ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Beginning of year balance	\$ 5,413,089	\$ 4,882,390
Power Authority contributions	3,000,000	3,000,000
Interest earned	2,708	10,914
Bank fees	(96)	(215)
Return of unused funds:		
County of Niagara	-	100,000
City of Niagara Falls	68,991	-
Project disbursements:		
County of Niagara	-	(778,000)
City of Niagara Falls	-	(662,000)
Town of Lewiston	-	(300,000)
Town of Niagara	(600,000)	-
Lewiston Porter Central School District	(420,000)	(420,000)
Niagara Falls City School District	(420,000)	(420,000)
End of year balance	<u>\$ 7,044,692</u>	<u>\$ 5,413,089</u>

### 3. Liquidity:

The Committee funds its operations primarily through membership dues.

The Committee's financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash	\$ 157,066	\$ 142,520
Membership dues receivable	5,393	5,732
	<u>\$ 162,459</u>	<u>\$ 148,252</u>

### 4. Risks and Uncertainties:

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and resulted in a severe disruption of operations for organizations. The full extent of the impact of COVID-19 on the Coalition's operational performance will depend on further developments, including the duration and spread of the outbreak and its impact on individuals, funding sources, and members, none of which can be predicted.



**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  
Niagara Power Coalition, Inc.

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 Niagara Power Coalition, Inc. (the Coalition), a nonprofit organization, which comprise the balance sheet as of December 31, 2020, 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 March 16, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Coalition'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition'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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described below, that we consider to be a significant deficiency.

Financial accounting and external reporting

Management requests our assistance with the annual financial statements and related notes. Although we do not believe that our assistance impacts our overall independence, professional auditing standards require that we inform the Board and management of our involvement in this process. Given the current structure of the Coalition, it is neither practical nor fiscally prudent to expect an implementation strategy that would avoid this comment in future audits.

#### Management's response

In order to eliminate this condition, the Coalition would need to hire part-time individuals to segregate incompatible accounting responsibilities. Based on an evaluation of resources and cost/benefit scenarios, we do not believe this is practical for the Coalition. The Board will continue to monitor controls and provide guidance as necessary.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Coalition'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 financial statements. 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*.

#### **Management's Response to Findings**

The Coalition's response to the finding identified in our audit is described above. It was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **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 Coalition'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 Coalition's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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March 16, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

The Board of Directors  
Niagara Power Coalition, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Niagara Power Coalition, Inc. (the Coalition), which comprise the balance sheet as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated March 16, 2021.

In connection with our audit, nothing came to our attention that caused us to believe that the Coalition failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2020. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Coalition's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.



March 16, 2021