Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

Cyclorama Building | 369 Franklin Street | Buffalo, New York 14202
716-856-3300 | Fax 716-856-2524 | www.LumsdenCPA.com

MANAGEMENT LETTER

March 16, 2015

The Board of Directors and Management
Buffalo Niagara Convention Center Management Corporation

In planning and performing our audit of the financial statements of Buffalo Niagara Convention Center Management Corporation (the Center) as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Center'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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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.

COMMENTS AND OBSERVATIONS

Internal Controls

Segregation of duties requires that no one employee have access to both physical assets and the related accounting records or to all phases of a transaction. The small size of the Center's staff limits its ability to fully establish proper segregation of duties, and we recognize that the hiring of additional personnel to achieve full separation of duties is not cost effective. Although we noted mitigating controls such as documented approvals of payroll, a dual signature requirement on all checks, receipt of the unopened bank statements and review by the Executive Director, and Board and management oversight, our professional standards require that we advise you of this matter. We continue to recommend the Center evaluate and implement segregation of duties to the extent possible.

Local Authority

On January 23, 2013 the Center received notification from the State of New York Authorities Budget Office (ABO) that the organization meets the definition of a local authority pursuant to the Public Authorities Law. Accordingly, the Center is now required to comply with regulations established by the Public Authorities Accountability Act (PAAA).

We understand the Center continues the process of amending its incorporating documents and developing policies and procedures to be in compliance with PAAA.

Cash

To enhance controls over cash receipts, we recommend the following:

- The Administrative Assistant prepare a prelist of all checks received upon opening the mail.
- Restrictively endorsed checks be forwarded to the Accountant and the prelist to the Controller.
- The Food & Beverage Manager and Banquet Manager both count the cash upon closing out registers; reconcile amounts to register tapes; document the amount counted, any discrepancies, and initial cash receipt envelope; and lock in the safe.
- The cash receipt envelope be forwarded to the accountant to recount the cash and prepare the deposit slip together with checks. The cash register tapes and envelope noting the total should be forwarded to the Controller.
- The Controller reconcile the prelist of checks and cash to the deposit slip before making the deposit.
- The Facility Manager obtain detail for a selection of deposits from each month's bank statement and review for completeness.
- The Facility Manager review the completed monthly bank reconciliations.

The Center currently maintains essentially all cash in its operating account. Since excess cash is steadily increasing, we recommend the Center consider conservatively investing excess cash. Additionally, the Center should implement an investment policy in accordance with PAAA requirements.

We have discussed these comments with Center personnel and would be pleased to discuss them in further detail, perform any additional study of these matters, or assist in implementing the recommendations.

This communication is intended solely for the information and use of the Board of Directors and management of the Center. It is not intended to be, and should not be, used by anyone other than these specified parties.

Lumsden & McCormick, LLP