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MANAGEMENT LETTER

August 13, 2025

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, 2024, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and, therefore, material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.

- *Probable.* The future event or events are likely to occur.

We consider the following deficiency in the entity's internal control to be a material weakness:

Financial Reporting

Our audit of the Center's 2024 financial statements identified several errors which resulted in significant adjustments and additional analysis. Identified errors included key accounts that were not properly recognized in accordance with generally accepted accounting principles and/or reconciled to the general ledger. In addition, we noted internal financial statements are not regularly generated and distributed to management and the Board of Directors.

We recommend management establish standard monthly accounting policies and procedures to ensure key general ledger accounts are properly reconciled, supported by detailed schedules and formally reviewed and approved; produce internal financial statements for review and approval by the Board at least quarterly; and complete the Center's formal accounting policies and procedures manual.

Management Response

As a result of several changes in the Controller position over the past few years, many established policies and procedures were not consistently followed. The Center is confident that with the current staff, it will be able to identify and rectify the noted conditions.

The Center acknowledges the reported findings and is committed to implementing the necessary policy and procedural changes to achieve compliance. Management will review all current internal control policies and procedures, enhancing or implementing controls where necessary. Timely reconciliation of key general ledger accounts will be strictly adhered to and identify and correct any unusual or incorrect account balances. Monthly preparation, review, and approval of internally generated financial reports with department heads and the general manager will be adhered to. In addition, management and financial reports will be reviewed with the board of directors for their approval at the quarterly board meetings.

OTHER COMMENTS AND RECOMMENDATIONS

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).

Although the Center has complied with certain aspects of PAAA, it has been notified by the ABO that it is not in full compliance. Management has advised us that resolution of this matter is pending certain actions to be taken by the Center's Members, the County of Erie and the City of Buffalo. Since the ABO has the authority to take enforcement action, we continue to recommend the Center's Members take the necessary actions to be in full compliance with PAAA.

This report 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