

**ECONOMIC DEVELOPMENT CORPORATION  
FINANCIAL REPORT  
DECEMBER 31, 2018**

# ECONOMIC DEVELOPMENT CORPORATION

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## Independent Auditor's Report

To the Board of Directors  
Economic Development Corporation

### Report on the Financial Statements

We have audited the accompanying financial statements of Economic Development Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses 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.

### Auditor's 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 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 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 Economic Development Corporation as of December 31, 2018 and 2017, 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.

## **Emphasis of Matter**

As discussed in Note 1, Economic Development Corporation adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

We have previously audited the Economic Development Corporation's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 20, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2019 on our consideration of 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 Economic Development Corporation's internal control over financial reporting and compliance.

*Marvin and Company, P.C.*

Queensbury, NY  
March 22, 2019

**ECONOMIC DEVELOPMENT CORPORATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2018 AND 2017**

<b>ASSETS</b>		
	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 934,789	\$ 854,225
Accounts receivable, net	188,444	115,820
Prepaid expenses	5,504	6,925
Total Current Assets	<u>1,128,737</u>	<u>976,970</u>
<b>Property and Equipment</b>		
Land and land development	271,496	271,496
Furniture and equipment	93,043	82,758
Total	<u>364,539</u>	<u>354,254</u>
Less accumulated depreciation	73,861	71,837
Net Property and Equipment	<u>290,678</u>	<u>282,417</u>
<b>Other Assets</b>		
Security deposits	<u>1,807</u>	<u>1,807</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,421,222</u></u>	<u><u>\$ 1,261,194</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 61,696	\$ 13,009
Accrued expenses	1,537	-
Deferred revenue	400	-
Total Current Liabilities	<u>63,633</u>	<u>13,009</u>
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	818,528	709,931
Board designated	539,061	538,253
Total Net Assets	<u>1,357,589</u>	<u>1,248,185</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,421,222</u></u>	<u><u>\$ 1,261,194</u></u>

See accompanying notes to financial statements.

**ECONOMIC DEVELOPMENT CORPORATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>Changes in net assets without donor restrictions:</b>		
<b>Revenuse and gains</b>		
Contract services	\$ 566,750	\$ 560,500
Contributions - investors	82,420	94,790
In-kind contributions	19,562	12,500
Annual meeting and other events	22,494	26,784
Interest income	1,010	948
Grants	50,000	-
Other income	2,168	330
Total revenues and gains without donor restrictions	<u>744,404</u>	<u>695,852</u>
<b>Expenses</b>		
Economic Development	451,325	313,889
General and Administrative Expenses	183,675	229,733
Total Expenses	<u>635,000</u>	<u>543,622</u>
Increase in net assets without donor restrictions	<u>109,404</u>	<u>152,230</u>
Net Assets, Beginning of Year	<u>1,248,185</u>	<u>1,095,955</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,357,589</u>	<u>\$ 1,248,185</u>

See accompanying notes to financial statements.

**ECONOMIC DEVELOPMENT CORPORATION  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(WITH COMPARATIVE TOTALS FOR 2017)**

<b>Functional Expenses</b>	<b>Economic Development</b>	<b>General and Administrative</b>	<b><u>2018</u> Total</b>	<b><u>2017</u> Total</b>
Advertising, marketing and promotion	\$ 12,545	\$ 5,061	\$ 17,606	\$ 17,141
Depreciation	1,051	973	2,024	4,303
Dues - subscriptions	3,417	3,154	6,571	5,228
Development projects / studies	106,673	-	106,673	5,712
EDC events	24,600	-	24,600	31,821
Equipment lease and maintenance	7,039	6,497	13,536	18,603
Insurance	1,221	5,261	6,482	8,915
IT and telephone	4,602	4,248	8,850	8,924
Office expenses	3,303	3,048	6,351	4,891
Professional services	1,104	25,480	26,584	17,268
Real estate taxes and property maintenance	8,411	-	8,411	12,233
Rent	11,277	10,410	21,687	21,687
Salaries and wages	217,947	97,918	315,865	317,364
Pension expense	18,426	8,278	26,704	21,637
Employee benefits	10,469	4,703	15,172	17,148
Payroll taxes	19,240	8,644	27,884	27,587
<b>Total expenses</b>	<b>\$ 451,325</b>	<b>\$ 183,675</b>	<b>\$ 635,000</b>	<b>\$ 540,462</b>

**ECONOMIC DEVELOPMENT CORPORATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets from operating activities	\$ 109,404	\$ 152,230
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,024	4,303
(Increase) decrease in assets:		
Accounts receivable	(72,624)	(31,848)
Prepaid expenses	1,421	967
Increase (decrease) in liabilities:		
Accounts payable	48,687	(17,698)
Accrued expenses	1,537	(99)
Deferred revenue	400	(6,000)
Net Cash Provided by Operating Activities	<u>90,849</u>	<u>101,855</u>
 <b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	<u>(10,285)</u>	<u>(3,059)</u>
 <b>Net Increase in Cash and Cash Equivalents</b>	 80,564	 98,796
Cash and Cash Equivalents, Beginning of Year	<u>854,225</u>	<u>755,429</u>
 <b>Cash and Cash Equivalents, End of Year</b>	 <u>\$ 934,789</u>	 <u>\$ 854,225</u>

See accompanying notes to financial statements.

**ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Activities***

The Economic Development Corporation (EDC) was incorporated under the Not-For-Profit Corporation Law in New York State in November 1992. In May 2006, the Organization's name was changed from Warren County Economic Development Corporation to Economic Development Corporation (EDC). EDC was formed to plan and promote, and if necessary, to coordinate and execute programs in the Warren County region of New York aimed at improving the quality of life of its residents by enhancing and diversifying the economy of the region by attracting new industry and/or by encouraging the development of, or retention of, such businesses within the Warren County region.

EDC receives a substantial portion of its revenue through service contracts with various municipalities. The most significant revenue derived from these service contracts is one with Warren County through which it receives reimbursement of its operating expenses, not to exceed the contract amount. During the years ended December 31, 2018 and 2017, respectively, approximately 62% of the Organization's service contract revenues were derived from the service contract with Warren County.

During 2017, the Regional Counties Economic Development Loan Fund (the Fund) began operations under a collaborative agreement between EDC and Lake Champlain Lake George Regional Planning Board (LCLGRP). The Fund of up to \$500,000 will provide loans ranging from \$15,000 to \$225,000 for small to mid-sized businesses within the geographic region which includes Warren, Washington, Franklin, Essex and Clinton Counties. EDC and LCLGRP will each facilitate loans depending on the geographic area the potential borrower operates in as well as the nature of the loan.

Financial resources for the Fund will come from a grant of up to \$250,000 from Empire State Development (ESD). The grant from ESD requires matching funds of up to \$250,000, which will be provided by a group of four (4) participating banks (Banks), each providing loans representing 25% of the required match. The loans from the Banks will be issued to EDC. Financing provided by ESD grants will not have to be repaid. However, as payments are received, EDC will be required to re-loan repayments attributable to ESD grant to new borrowers. As payments are received from borrowers, EDC will be required to make semi-annual payments to the Banks of principal and interest at the WSJ rate per annum. NY Business Development Corporation (NYBDC) will be retained to provide certain administration and portfolio services which will include underwriting, application and loan payment processing. Applications will be reviewed and approved, or denied, by a Loan Review Committee consisting of representatives from EDC, LCLGRP and the Banks.

EDC and LCLGRP will be required to participate in a loan loss reserve fund in an amount sufficient to cover one year's principal and interest payments.

For the years ended December 31, 2018 and 2017, no loan applications have been received.

**ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

EDC prepares its financial statements on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred.

***Financial Statement Presentation***

For the year ended December 31, 2018, EDC adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities* which amends the requirements for financial statements and notes required by a not-for-profit. ASU 2016-14 requires a not-for-profit to:

- Present on the statement of financial position amounts for two classes of net assets, *net assets with donor restrictions and net assets without donor restrictions*, as well as the currently required total amount of net assets.
- Present on the face of the statement of activities the amount of the change in each of the two classes of net assets, as well as the currently required amount of the change in total net assets.
- Provide enhanced disclosures for:
  - Amounts and purposes of governing board designations that result in self-imposed limits of the use of resources without donor-imposed restrictions.
  - Composition of net assets with donor restrictions and how the restrictions affect the use of the resources.
  - Qualitative information that communicates management of liquid resources available to meet cash needs for general expenditures within one year.
  - Quantitative information that communicates availability of financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date.
  - Amounts of expenses both their natural classification and their functional classification.
  - Method(s) used to allocate costs among program and support functions.
  - Underwater endowment funds.
- Report investment return net of external and direct internal investment expenses and no longer require disclosure of those netted expenses.

***Basis of Presentation***

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of EDC and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by the actions of EDC and/or the passage of time and net assets subject to donor-imposed stipulations that they be maintained permanently by EDC.

**ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

At December 31, 2018 and 2017, EDC had no net assets with donor restrictions.

***Revenue and Support Without and With Donor Restrictions***

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions.

***Comparative Data***

The amounts shown for the year ended December 31, 2017 in the accompanying statement of functional expenses are included to provide a basis for comparison with 2018 and present summarized totals only. Accordingly, the 2017 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived

***Property and Equipment***

Property and equipment are recorded at cost. For financial statement purposes, depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets involved.

Estimated useful lives of related assets are as follows:

	<u>Years</u>
Furniture and equipment	3 - 6

Expenditures for major renewals and betterments that extend the useful lives of property and equipment at a cost of \$2,500 or greater with a minimum useful life of 12 months or more are capitalized. Expenditures for maintenance and repairs or purchases with a cost of \$2,500 less or with a useful life of less than 12 months are charged to the appropriate expense as incurred.

For the years ended December 31, 2018 and 2017, depreciation and amortization expense was \$972 and \$4,303, respectively.

***Land and Land Development Costs***

Land and land development costs represent land and improvements held by EDC to further its mission of developing industrial parks and other real estate to attract new business and industry to Warren County. Land and land development costs are stated at cost.

**ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

***Accounts Receivable and Allowance for Uncollectible Accounts***

Accounts receivable are recorded net of an allowance for uncollectible accounts. The allowance is estimated based on management's estimates. The determination of accounts receivable that will be charged off is made by management and is evaluated on a case-by-case basis. Accounts receivable net of the allowance for uncollectible accounts consisted of the following for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Receivable from local governments	\$ 123,400	\$ 94,167
Other receivables	81,044	37,653
	<u>204,444</u>	<u>131,820</u>
Less: Allowance for uncollectible accounts	16,000	16,000
Total	<u>\$ 188,444</u>	<u>\$ 115,820</u>

For the years ended December 31, 2018 and 2017, bad debt expense was \$-0-, respectively.

***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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Income Taxes***

EDC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been provided for in these financial statements. In addition, EDC qualifies for the charitable contribution deduction under Section 170(B)(1)(a)(6) and has been classified as an organization that is not a private foundation under Section 509(a).

The tax status of tax-exempt entities is an uncertain tax position, since events could potentially occur that jeopardize tax-exempt status. EDC believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on EDC's financial condition, results of operations or cash flows. Accordingly, EDC has not recorded any liabilities, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2018.

***Advertising, Marketing and Promotion***

EDC expenses advertising, marketing and promotion costs as they are incurred. These costs for the years ended December 31, 2018 and 2017 were \$17,606 and \$17,141, respectively.

**ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

***Cash Equivalents***

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

**2. CONCENTRATION OF CREDIT RISK**

EDC maintains its cash balances with a single financial institution in Glens Falls, New York. The accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC). EDC maintains deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in a high quality financial institution.

**3. OPERATING LEASES**

EDC entered into a five year lease for the use of office space for the amount of \$1,807 per month. Payments made during 2018 and 2017 totaled \$21,687, respectively.

EDC has entered into a non-cancellable operating leases for office equipment expiring at various times through 2023. Total equipment lease and related maintenance expense for these leases for the years ended December 31, 2018 and 2017 was \$13,536 and \$5,801, respectively.

The following is a schedule of future minimum rental payments under these leases for the years ending December 31:

2019	\$	24,453
2020		24,332
2021		24,332
2022		16,748
2023		40

**4. RETIREMENT PLAN**

EDC has a retirement plan in the form of a simplified employee pension (SEP) plan, to which EDC is required to make annual contributions on behalf of eligible employees. For the years ended December 31, 2018 and 2017, EDC made a contribution for eligible employees in the amount of \$26,704 and \$21,637, respectively.

**5. CONTRIBUTED SERVICES**

EDC records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, (c) are provided by individuals possessing those skills, and (d) would typically need to be purchased if not provided by donation.

**ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**5. CONTRIBUTED SERVICES**

The following contributed services have been reflected in the financial statements:

	<u>2018</u>	<u>2017</u>
In-Kind Donation		
Engineering/Consultant	\$ 6,272	\$ -
Marketing and promotional service	6,410	4,620
Computer services	4,000	4,000
Alarm system	-	1,000
Janitorial services donated by a related party	2,880	2,880
Total	<u>\$ 19,562</u>	<u>\$ 12,500</u>

**6. CONTINGENCIES**

EDC's contracts for services are subject to audit by the funding sources at their discretion. Such audits could result in claims against EDC for disallowed costs. EDC's management believes such claims, if any, which may arise, would be immaterial. As such, no provision for potential claims has been made in the financial statements.

**7. OPTION AGREEMENT**

EDC has an option agreement with Warren County for the purchase of four identified separate lots located in Warren County at a price of \$1,600 per acre plus an option price of \$36 per acre. The option agreement expires on November 15, 2019.

**8. FUNCTIONAL EXPENSES**

Directly identifiable expenditures are charged to EDC's program for economic development or management and general services which includes costs associated with compliance and reporting under New York State's Public Authorities Accountability Act. Expenses related to program support and management and general activities are allocated based on time studies of roles and responsibilities of the individual staff members.

**9. BOARD DESIGNATED NET ASSETS**

EDC's Board of Directors designated certain net assets be set aside for specific purposes. At December 31, 2018 and 2017 these designated funds had balances as follows:

	<u>2018</u>	<u>2017</u>
Operating Reserve	\$ 241,554	\$ 240,746
Property Carrying Costs	110,326	110,326
Queensbury Project Fund	137,025	137,025
Regional Loan Fund	50,156	50,156
Total Designated Cash and Cash Equivalents	<u>\$ 539,061</u>	<u>\$ 538,253</u>

The designated funds were established for the following purposes:

Operating Reserve was established to cover cash-flow shortfalls that may arise due to reliance on a majority of EDC's funding through local municipalities.

**ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**9. BOARD DESIGNATED NET ASSETS**

Property Carrying Costs was established to cover the carrying costs of real property.

Queensbury Project Fund was established to cover projects specific to the Town of Queensbury outside of the scope of the annual service contract.

Regional Loan Fund was established to cover EDC's portion of a loan loss reserve for the regional loan fund.

**10. AVAILABLE RESOURCES AND LIQUIDITY**

The EDC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize its available funds. For purposes of analyzing resources available to meet general expenditures over the a 12-month period, EDC considers all expenditures related to its ongoing activities of program services and capacity building programs as well as the conduct of services undertaken to support those activities to be expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, EDC operates with a budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of EDC's cash and shows positive cash generated by operations for the years ended December 31, 2018 and 2017.

EDC's governing board has designated funds for specific purposes. Those amounts are identified as board designated net assets in Note 9. In the event the need arises to utilize the board designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

At December 31, 2018 and 2017, the following tables show the total financial assets held by the EDC and the amount of those financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures.

Financial assets at years end:

	<u><b>2018</b></u>	<u><b>2017</b></u>
Cash and cash equivalents	\$ 934,789	\$ 854,225
Accounts receivable, net	188,444	115,820
Total financial assets at year-end	<u>\$ 1,123,233</u>	<u>\$ 970,045</u>

Financial assets available to meet general expenditures over the next 12 months at the years ended:

	<u><b>2018</b></u>	<u><b>2017</b></u>
Cash and cash equivalents	\$ 934,789	\$ 854,225
Accounts receivable, net	188,444	115,820
Less: Amounts set aside for board designations	(539,061)	(538,253)
Total financial assets available at year-end	<u>\$ 584,172</u>	<u>\$ 431,792</u>

**ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**11. RECLASSIFICATIONS**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**12. SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the statement of financial position date of December 31, 2018 through March 22, 2019 which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require recording or disclosure.

**INDEPENDENT AUDITOR’S 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**

Board of Directors  
Economic Development Corporation

We have audited, 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, the financial statements of Economic Development Corporation (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 22, 2019

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Economic Development 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 Economic Development Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of Economic Development 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 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. 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Economic Development 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marvin and Company, P.C.*

Queensbury, NY  
March 22, 2019