

**ECONOMIC DEVELOPMENT CORPORATION
FINANCIAL REPORT
DECEMBER 31, 2019**



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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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, 2019 and 2018, 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, 2019 and 2018, 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 11, 2020 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.

Marotta and Company, P.C.

Queensbury, NY
March 11, 2020

**ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

ASSETS		
	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 1,081,932	\$ 934,789
Accounts receivable, net	51,948	188,444
Prepaid expenses	5,504	5,504
Total Current Assets	1,139,384	1,128,737
Property and Equipment		
Land and land development	130,437	271,496
Furniture and equipment	59,482	64,543
Software and website design	59,909	28,500
Total	249,828	364,539
Less accumulated depreciation and amortization	62,816	73,861
Net Property and Equipment	187,012	290,678
Other Assets		
Land held for sale	50,000	-
Security deposits	1,807	1,807
Total Other Assets	51,807	1,807
TOTAL ASSETS	\$ 1,378,203	\$ 1,421,222
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 12,419	\$ 61,696
Accrued expenses	5,183	1,537
Deferred revenue	-	400
Total Current Liabilities	17,602	63,633
Net Assets		
Without donor restrictions:		
Undesignated	820,732	818,528
Board designated	539,869	539,061
Total Net Assets	1,360,601	1,357,589
TOTAL LIABILITIES AND NET ASSETS	\$ 1,378,203	\$ 1,421,222

See accompanying notes to financial statements.

**ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Changes in net assets without donor restrictions:		
Revenues and gains		
Contract services	\$ 511,750	\$ 566,750
Contributions - investors	79,200	82,420
In-kind contributions	12,836	19,562
Annual meeting and other events	25,765	22,494
Interest income	982	1,010
Grants	-	50,000
Other income	647	2,168
Total revenues and gains without donor restrictions	<u>631,180</u>	<u>744,404</u>
Expenses		
Economic Development	365,938	451,325
General and Administrative Expenses	171,171	183,675
Total Expenses	<u>537,109</u>	<u>635,000</u>
Loss on impairment	<u>91,059</u>	-
Increase in net assets without donor restrictions	<u>3,012</u>	<u>109,404</u>
Net Assets, Beginning of Year	<u>1,357,589</u>	<u>1,248,185</u>
Net Assets, End of Year	<u>\$ 1,360,601</u>	<u>\$ 1,357,589</u>

See accompanying notes to financial statements.

**ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Functional Expenses	Economic Development	General and Administrative	Total
Advertising, marketing and promotion	\$ 17,997	\$ 3,900	\$ 21,897
Depreciation and amortization	1,857	1,717	3,574
Dues - subscriptions	2,103	1,942	4,045
Development projects / studies	4,485	-	4,485
EDC events	30,505	-	30,505
Equipment lease and maintenance	1,765	1,628	3,393
Small equipment	5,115	4,721	9,836
Insurance	1,274	5,183	6,457
IT and telephone	12,074	11,145	23,219
Office expenses	4,038	3,727	7,765
Professional services	-	29,819	29,819
Real estate taxes and property maintenance	11,244	-	11,244
Rent	11,277	10,410	21,687
Salaries and wages	220,502	81,556	302,058
Pension expense	17,149	6,343	23,492
Employee benefits	6,338	2,343	8,681
Payroll taxes	18,215	6,737	24,952
Total expenses	\$ 365,938	\$ 171,171	\$ 537,109

See accompanying notes to financial statements.

**ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Functional Expenses	Economic Development	General and Administrative	Total
Advertising, marketing and promotion	\$ 12,545	\$ 5,061	\$ 17,606
Depreciation and amortization	1,051	973	2,024
Dues - subscriptions	3,417	3,154	6,571
Development projects / studies	106,673	-	106,673
EDC events	24,600	-	24,600
Equipment lease and maintenance	6,652	6,139	12,791
Small equipment	387	358	745
Insurance	1,221	5,261	6,482
IT and telephone	4,602	4,248	8,850
Office expenses	3,303	3,048	6,351
Professional services	1,104	25,480	26,584
Real estate taxes and property maintenance	8,411	-	8,411
Rent	11,277	10,410	21,687
Salaries and wages	217,947	97,918	315,865
Pension expense	18,426	8,278	26,704
Employee benefits	10,469	4,703	15,172
Payroll taxes	19,240	8,644	27,884
Total expenses	\$ 451,325	\$ 183,675	\$ 635,000

See accompanying notes to financial statements.

**ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Change in net assets from operating activities	\$ 3,012	\$ 109,404
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	3,574	2,024
Loss on impairment	91,059	-
(Increase) decrease in assets:		
Accounts receivable	136,496	(72,624)
Prepaid expenses	-	1,421
Increase (decrease) in liabilities:		
Accounts payable	(49,277)	48,687
Accrued expenses	3,646	1,537
Deferred revenue	(400)	400
Net Cash Provided by Operating Activities	<u>188,110</u>	<u>90,849</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	<u>(40,967)</u>	<u>(10,285)</u>
Net Increase In Cash and Cash Equivalents	147,143	80,564
Cash and Cash Equivalents, Beginning of Year	<u>934,789</u>	<u>854,225</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,081,932</u>	<u>\$ 934,789</u>

See accompanying notes to financial statements.

**ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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.

The Regional Counties Economic Development Loan Fund

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 revolving loan 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, 2019 and 2018, no loan applications have been received and there are no loans outstanding.

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.

Reclassifications

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

**ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of EDC are presented in accordance with ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*.

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.

At December 31, 2019 and 2018, EDC had no net assets with donor restrictions.

Change in Accounting Principle – Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued ASU 2014-19, *Revenue from Contracts with Customers (Topic 606)*. This guidance provides a single comprehensive model for accounting for revenue from contracts with customers. EDC adopted the standard, which is retrospective to all periods presented.

EDC's contract service revenue is generated from contracts with various municipalities. EDC's revenue contains performance obligations and revenue is recognized annually at a single point in time when the performance obligations are performed. EDC's management has analyzed the provisions of Topic 606 and have concluded that no changes in the timing of revenue recognition are necessary to conform with the new accounting standard.

EDC's performance obligation relating to the municipal service contracts relates to contracts all with durations of one year or less. As a result, the Company is not required to separately disclose aggregate amounts of unsatisfied (or partially satisfied) performance obligations as of the end of the year.

The most significant revenue derived from these service contracts is with Warren County through which EDC receives reimbursement of its operating expenses, not to exceed the contract amount. During the years ended December 31, 2019 and 2018, respectively, approximately 59% and 62% of EDC's contract services revenue were derived from the service contract with Warren County.

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.

**ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

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
Software and website design	4

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 of equipment 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, 2019 and 2018, depreciation and amortization expense was \$3,574 and \$2,024, 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.

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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Receivable from local governments	\$ 40,150	\$ 123,400
Other receivables	27,798	81,044
	67,948	204,444
Less: Allowance for uncollectible accounts	16,000	16,000
Total	\$ 51,948	\$ 188,444

For the years ended December 31, 2019 and 2018, bad debt expense was \$-0-.

**ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

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, 2019.

Advertising, Marketing and Promotion

EDC expenses advertising, marketing and promotion costs as they are incurred. These costs for the years ended December 31, 2019 and 2018 were \$21,897 and \$17,606, respectively.

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.

Future Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*, which was effective for fiscal years beginning after December 15, 2019. Subsequently, in November 2019 FASB issued ASU 2019-10 extending the effective date to fiscal years beginning after December 15, 2020. The standard requires a change in the way EDC will account for its leases, eliminating operating leases and requiring lease obligations to be recorded as a liability on the balance sheet with a corresponding right to use asset. EDC's management is currently evaluating the impact of this standard on their financial statements.

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.

**ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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 2019 and 2018 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, 2019 and 2018 was \$3,393 and \$12,791, respectively.

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

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, 2019 and 2018, EDC made a contribution for eligible employees in the amount of \$23,492 and \$26,704, 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.

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

	<u>2019</u>	<u>2018</u>
In-Kind Donation		
Engineering/Consultant	\$ 3,836	\$ 6,272
Marketing and promotional service	2,120	6,410
Computer services	4,000	4,000
Janitorial services donated by a related party	2,880	2,880
Total	\$ 12,836	\$ 19,562

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.

**ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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 May 15, 2021.

8. FUNCTIONAL EXPENSES

Directly identifiable expenditures are charged to EDC's program for economic development or general and administrative services which includes costs associated with compliance and reporting under New York State's Public Authorities Accountability Act. Expenses related to program support general and administrative including depreciation, dues, IT and telephone, equipment lease and maintenance, office expenses, rent, payroll and benefits are allocated based on roles and responsibilities of various 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, 2019 and 2018 these designated funds had balances as follows:

	<u>2019</u>		<u>2018</u>
Operating Reserve	\$ 241,473	\$	241,554
Property Carrying Costs	110,660		110,326
Queensbury Project Fund	137,433		137,025
Regional Loan Fund	50,303		50,156
Total Designated Cash and Cash Equivalents	<u>\$ 539,869</u>	<u>\$</u>	<u>539,061</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.

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 economic development as well as the conduct of services undertaken to support those activities to be expenditures.

**ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

10. AVAILABLE RESOURCES AND LIQUIDITY

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, 2019 and 2018.

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, 2019 and 2018, the following tables show the total financial assets held by the EDC and the amount of those financial assets that 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>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,081,932	\$ 934,789
Accounts receivable, net	51,948	188,444
Total financial assets at year-end	<u>\$ 1,133,880</u>	<u>\$ 1,123,233</u>

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

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,081,932	\$ 934,789
Accounts receivable, net	51,948	188,444
Less: Amounts set aside for board designations	<u>(539,869)</u>	<u>(539,061)</u>
Total financial assets available at year-end	<u>\$ 594,011</u>	<u>\$ 584,172</u>

11. LAND HELD FOR SALE

EDC passed a resolution in December 2019 to enter into a contract to sell certain land located at 139 Warren St. for the amount of \$50,000 which approximates the value based on recent appraisal. The parcel was originally acquired by Hudson River Local Development Corp. (HRLDC) in 2008 at a value of \$141,000 and was subsequently transferred to EDC when HRLDC was merged into EDC. As a result of the pending transaction of sale the EDC recognized an impairment loss of \$91,059, which is reported in the Statement of Activities for the year ended December 31, 2019

12. SUBSEQUENT EVENTS

Management has evaluated events subsequent to the statement of financial position date of December 31, 2019 through March 11, 2020 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 the Economic Development Corporation (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, 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 11, 2020.

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 11, 2020