



BUSINESS
ADVISORS
AND CPAS

March 21, 2023

To the Board of Directors
Economic Development Corporation

We have audited the financial statements of Economic Development Corporation (EDC) as of and for the year ended December 31, 2022, and have issued our report thereon dated March 21, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated February 10, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of EDC solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable and experienced Director of Finance and Compliance who reviews the draft financial statements prior to issuance and accepts responsibility for them.

Significant Risks Identified

We have identified the following significant risks:

Management override and improper revenue recognition. These are considered risks due to their potential impact on EDC's financial statements.

Qualitative Aspects of the Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by EDC is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, EDC changed accounting policies related to accounting and reporting of Leases by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Also as described in Note 1 to the financial statements, during the year, EDC changed accounting policies related to accounting and reporting of Gifts in Kind by adopting FASB ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments.

The most sensitive estimate affecting EDC's financial statements was the depreciation of property and equipment and the functional expense allocation, based on roles and responsibilities of various staff members. Management's estimate for the depreciation of property and equipment is based on cost depreciated over estimated useful lives and management's estimate of the functional expense allocation based on roles and responsibilities of various staff members. We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they were reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting EDC's financial statements relate to revenue recognition in Note 1, property and equipment in Note 1, and functional expenses in Note 8.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transaction identified during our audit. There were no significant unusual transaction identified during our audit.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

Revenue understated	\$12,000
Deferred revenue overstated	\$12,000

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Fund's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

In the normal course of our professional association with Economic Development Corporation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting EDC, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as EDC's auditors.

This report is intended solely for the information and use of the Economic Development Corporation and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Mengel, Metzger, Barr & Co. LLP

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**Economic Development Corporation
 Summary of Audit Differences
 December 31, 2022**

	Current Year Over (Under) Statement
Statement of Activities	
Understatement of expenses - Advertising, marketing and promotion	\$ -
Cumulative effect on decrease in net assets without donor restrictions (before effect of prior year differences)	
Understatement of prior expenses	(2,260)
Cumulative effect on decrease in net assets without donor restrictions (after effect of prior year differences)	
	\$ (2,260)
 Statement of Financial Position	
Current assets	\$ -
Total Assets	\$ -
Current liabilities - understated	\$ -
Total Liabilities	-
Net assets without donor restrictions	
Beginning - overstated	\$ 2,260
Ending - Overstated	-
Total Liabilities and Net Assets	\$ -