

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
EIN 14-1755710

Reports of Independent Auditors Required by Office
Of Management and Budget Uniform Guidance
December 31, 2023

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board of
Columbia Economic Development Corporation

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Columbia Economic Development Corporation's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Columbia Economic Development Corporation's major federal programs for the year ended December 31, 2023. Columbia Economic Development Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Columbia Economic Development Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Columbia Economic Development Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Columbia Economic Development Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations rules and provisions of contracts or grant agreements applicable to Columbia Economic Development Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Columbia Economic Development Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Columbia Economic Development Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Columbia Economic Development Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Columbia Economic Development Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Columbia Economic Development Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not

identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Columbia Economic Development Corporation as of and for the year ended December 31, 2023 and have issued our report thereon dated March 27, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting procedures and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, handwritten font, with 'LLP' in a smaller, simpler font to the right.

Hudson, New York
March 27, 2024

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

INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board of
Columbia 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 Columbia Economic Development Corporation as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Columbia Economic Development Corporation's basic financial statements, and have issued our report thereon dated March 27, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Columbia Economic Development Corporation's internal control over financial reporting (internal control) as a basis for designing 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 Columbia Economic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Columbia 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbia 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 financial statements. 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.

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Hudson, New York
March 27, 2024

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Program Title/Pass Through Entity	Program	Award #	Federal Expenditures	Federal Assistance Listing/CFDA Number
Small Business Administration				
	SBA Microloan Program	6272215007	\$ 25,116	
		8503645004	134,444	
		3895287001	195,508	
		8388508207	271,698	
		2922039110	400,000	
		5013169110	275,000	
	Total SBA Microloan Program		<u>1,301,766</u>	59.046
	Technical Assistance	SBAOCAML220306	115,034	
		SBAOCAML230424	138,121	
	Total Technical Assistance Program		<u>253,155</u>	59.007
	Total Small Business Administration		<u>1,554,921</u>	
Department of the Treasury				
<i>Pass through - County of Columbia, New York</i>				
	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	SLFRP0639	250,150	21.027
	Total Coronavirus State and Local Fiscal Recovery Funds		<u>250,150</u>	
	Total Department of the Treasury		<u>250,150</u>	
Department of Housing and Urban Development				
<i>Pass through - County of Columbia, New York</i>				
	<i>CDBG Entitlement Grants Cluster</i>	Community Development Block Grant		
		267ED915-18	45,000	
		267ED934-19	150,000	
		267CVHR86-22	250,000	
		558ED998-21	41,696	
	Total CDBG Entitlement Grants Cluster		<u>486,696</u>	14.218
	Total Department of Housing and Urban Development		<u>486,696</u>	
	Total Expenditures of Federal Awards		<u>\$ 2,291,767</u>	

See independent auditor's report and accompanying notes to Schedule of Federal Awards.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") has been prepared as required under the Office of Management and Budget (OMB) Uniform Guidance. The purpose of the schedule is to present a summary of those activities of Columbia Economic Development Corporation for the year ended December 31, 2023 using the accrual basis of accounting. For purposes of this schedule, federal awards include any assistance provided by a federal agency directly or indirectly in the form of grants, contracts, cooperative agreements, direct appropriations, loans and loan guarantees, and other noncash assistance. Because the schedule presents only a selected portion of the activities of the Organization, it is not intended to, and does not, present either the net position, or statement of revenues, expenses, and changes in net position of the Organization.

NOTE 2 – INDIRECT COSTS

Indirect costs are charged to federal grants and contracts when applicable at a predetermined rate and the Organization has elected to use the 10 percent de-minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – SUB-RECIPIENTS

None of the federal awards presented in the accompanying schedule of expenditures of federal awards were provided to sub-recipients for the year ended December 31, 2023.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
Schedule of Findings and Questioned Costs and View of Responsible Official
December 31, 2023

A. Summary of Audit Results

Financial Statements:

Type of auditors' report issued	Unmodified
Basis of accounting	GAAP
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements?	No

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings required to be reported in accordance with Uniform Guidance Section 200.516(a)?	No

Major Programs:

Grant Title	Federal Assistance Listing / CFDA number	Federal Expenditures
Small Business Administration – SBA Microloan Program	59.046	\$1,301,766
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000	
Auditee qualified as a low-risk auditee?	No	

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
Schedule of Findings and Questioned Costs and View of Responsible Official
December 31, 2023

B. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*

None.

C. Findings and Questioned Costs Relating to the Compliance Audit of Major Programs that are Required to be Reported by Uniform Guidance Section 516(a)

None.

D. Prior Year Findings Related to the Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*

FINDING 2022-001

Significant Deficiency in Internal Control over Financial Reporting – Community Development Block Grant (CDBG)

Finding Summary: The Corporation is responsible for ensuring its financial statements are recorded in accordance with Generally Accepted Accounting Principles (GAAP). The Organization's auditor was required to propose a significant number of adjustments during the audit process in order for the financial statements to be recorded in accordance with GAAP. Management's accounting staff do not consistently ensure its financial statements are recorded in accordance with GAAP. The Corporation's financial statements could be misstated and not in conformity with GAAP.

Status: The Corporation reserved the services of an independent CPA firm to help with the closing process. There were no issues identified during the 2023 audit related to this matter.