



March 24, 2022

UHY LLP  
1 Hudson City Centre #204  
Hudson, NY 12534

This representation letter is provided in connection with your audit of the financial statements of Hudson Development Corporation, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than \$1,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 24, 2022:

#### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 29, 2021, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. Uncorrected misstatements identified are as follows:
  - Increase lease receivable and lease income by \$1,000 for the months of November and December 2021 warehouse rent unpaid as of December 31, 2021.
  - Increase in-kind legal services revenue and expense by \$3,000 for donated legal services.
  - Increase payroll expenses and payroll accrual liability by \$875 for payroll incurred in 2021 but paid in 2022.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP. There were none.
- We have complied with all contractual agreements, grants, and donor restrictions.



# HUDSON DEVELOPMENT CORPORATION

- The financial statements completely and accurately reflect funds that are donor restricted funds released from donor restrictions during the year and reflect the satisfaction of specific purpose of time restrictions imposed by the related donor.
- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
- We have accurately presented the entity's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statements all assets and liabilities under the entity's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Reclassifications between net asset classes are proper, if any.
- The Organization has accurately recorded all debt balances and no additional lending relationships exist that would record disclosure.
- With respect to drafting the Organization's financial statements and information returns, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.
- We have appropriately classified "held and used" and "available for sale" property and equipment fixed assets according to management's plans and ASC 360.
- Recent property fair values related to "held and used" and "available for sale" fixed assets support the carrying amount of these assets at December 31, 2021 and no impairment of these assets exists.
- No liens or encumbrances on any of the Organization's property exist except the Montgomery Street/CSX property collateralizing the \$200,000 mortgage liability.
- We are depreciating our leasehold improvements over 24 years based on the intent that we will exercise the option to renew the lease term for an additional 12 years.
- During the year ended December 31, 2021, the Organization obtained a second Paycheck Protection Program (PPP) loan in the amount of \$3,608. The Organization elected to account for the PPP loan in accordance with ASC Topic 470, Debt. We represent the following to you with regards to the Organization's accounting for the PPP loan:
  - The Organization is compliant with all PPP loan eligibility criteria, document retention requirements, and if applicable, we evaluated and concluded that the conditions for forgiveness are or will be satisfied.
  - We have disclosed and/or provided copies of all correspondence with the Small Business Association (SBA) regarding our compliance with PPP loan requirements, including any notification of review by the SBA, results of a review by the SBA, and/or notifications of material non-compliance with the SBA.
- Subsequent to the year ended December 31, 2021, the Organization sold its available for sale property for \$3,000,000. Simultaneous with the sale, the Organization paid its loan for \$200,000 due to Columbia Economic Development Corporation in full.

## Information Provided

- We have provided you with:



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- Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.
- We have no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Branda Maholtz, Executive Director

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