

Report

**LOCAL DEVELOPMENT CORPORATION
OF EAST NEW YORK**

FINANCIAL STATEMENTS

AS OF AND

FOR THE YEAR ENDED JUNE 30, 2022

TOGETHER WITH AUDITOR'S OPINION



Aston Bell & Associates

Certified Public Accountants

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LOCAL DEVELOPMENT CORPORATION OF EAST NEW YORK

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Local Development Corporation of East New York
80 Jamaica Avenue, 3rd Floor
Brooklyn, NY 11207

Opinion

We have audited the accompanying statement of financial position of Local Development Corporation of East New York as of June 30, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Local Development Corporation of East New York as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Local Development Corporation of East New York and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Responsibilities of Management for the Financial Statements

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Local Development Corporation of East New York's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks for material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Local Development Corporation of East New York's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Local Development Corporation of East New York's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant findings, and certain internal control – related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2023 on our consideration of Local Development Corporation of East New York'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* and in considering Local Development Corporation of East New York's internal control over financial reporting and compliance.

Aston Bell & Associates

Rancocas, New Jersey
October 11, 2023

LOCAL DEVELOPMENT CORPORATION OF EAST NEW YORK
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022

<u>ASSETS</u>		<u>WITHOUT DONOR RESTRICTION</u>	<u>WITH DONOR RECTRICTION</u>	<u>TOTAL</u>
Cash and Cash Equivalents	(Notes 2,3)	\$ 33,091	\$ 550,000	\$ 583,091
Receivables	(Note 4)	156,235	-	156,235
Due from EBDMA and EBHDC		26,490	-	26,490
Revolving Loan		6,523	-	6,523
Furniture and Equipment	(Notes 2,5)	1,560	-	1,560
Total Assets		<u>\$ 223,899</u>	<u>\$ 550,000</u>	<u>\$ 773,899</u>
 <u>LIABILITIES AND NET ASSETS</u>				
Accounts Payable and Accruals		58,650	-	\$ 58,650
Deferred Revenue	(Note 6)	12,500	-	12,500
Sponsor Grant Advance	(Note 7)	-	550,000	550,000
Revolving Loan		6,523	-	6,523
Net Assets Without Donor Restrictions		146,226	-	146,226
Total Liabilities and Net Assets		<u>\$ 223,899</u>	<u>\$ 550,000</u>	<u>\$ 773,899</u>

The accompanying notes are an integral part of the financial statements.

LOCAL DEVELOPMENT CORPORATION OF EAST NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

REVENUES AND OTHER SUPPORT	<u>WITHOUT DONOR RESTRICTION</u>	<u>WITH DONOR RESTRICTION</u>	<u>TOTAL</u>
Grants and Contributions	\$ 722,425	\$ -	\$ 722,425
Other Income	1,331	-	1,331
In-kind Contribution - Facilities (Notes 2,8)	31,250	-	31,250
Total Revenue	<u>755,006</u>	<u>-</u>	<u>755,006</u>
 EXPENSES			
Program Services:			
Economic and Entrepreneur Development	562,216	-	562,216
Supporting Services:			
Management and General	132,793	-	132,793
Fundraising	27,165	-	27,165
Total Expenses- (Includes In-Kind Contribution - Facilities (\$31,250))	<u>722,174</u>	<u>-</u>	<u>722,174</u>
Change In Net Assets	32,832	-	32,832
Net Asset Without Donor Restrictions at Start of Year	113,394	-	113,394
Net Asset Without Donor Restrictions at End of Year	<u>\$ 146,226</u>	<u>\$ -</u>	<u>\$ 146,226</u>

The accompanying notes are an integral part of the financial statements.

LOCAL DEVELOPMENT CORPORATION OF EAST NEW YORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (used in) Operating Activities:	
Change in Net Assets	\$ 32,832
Depreciation Expense	11,382
(Increase)/Decrease in Grants Receivable	(14,013)
Increase/(Decrease) in Accounts Payable and Accruals	(29,305)
Increase/(Decrease) in Deferred Revenues	(36,720)
Net Cash provided by Operating Activities	<u>(35,824)</u>
Cash Flow from Investing Activities:	
(Purchase)/Sale of Property and Equipment	(1,200)
Net Cash used by Investing Activities	<u>(1,200)</u>
Cash Flow from Financing Activities:	
Increase/(Decrease) in Sponsor Grant Advance	550,000
Net Cash used by Financing Activities	<u>550,000</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>512,976</u>
Cash and Cash Equivalents at the Beginning of Year	70,115
Cash and Cash Equivalents at the Year End	<u>\$ 583,091</u>

The accompanying notes are an integral part of the financial statements.

LOCAL DEVELOPMENT CORPORATION OF EAST NEW YORK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

EXPENSES	MANAGEMENT AND		PROGRAM SERVICE	TOTAL
	GENERAL	FUNDRAISING		
Salaries	\$ 97,329	\$ 4,866	\$ 384,450	\$ 486,645
Fringe Benefits	14,659	637	48,439	63,735
Insurance	245	-	1,195	1,440
Audit Expense	1,140	-	4,860	6,000
Accounting Expense	-	-	4,000	4,000
Consultants	-	8,198	43,041	51,239
Memberships, Subscriptions, and Reference	148	-	1,495	1,643
Supplies	165	-	18	183
Utilities	-	-	9,891	9,891
Payroll Expense	1,132	75	6,340	7,547
Maintenance and Repairs	1,755	-	5,877	7,632
License and Permits	996	-	4,537	5,533
Software, Website, & Technology	-	-	2,252	2,252
Printing, Postage and Reproduction	30	-	573	603
Telephone and Internet Expense	1,182	-	4,189	5,371
Depreciation (Note 5)	114	2,276	8,992	11,382
Food and Beverages	-	1,394	-	1,394
Occupancy Costs	1,430	376	5,719	7,525
Other Expense	10,286	-	-	10,286
Program Expense	-	-	431	431
Bank Service Charges	619	3,406	2,167	6,192
In-kind Service Facilities (Note 8)	1,563	5,937	23,750	31,250
	<u>\$ 132,793</u>	<u>\$ 27,165</u>	<u>\$ 562,216</u>	<u>\$ 722,174</u>

The accompanying notes are an integral part of the financial statements.

LOCAL DEVELOPMENT CORPORATION OF EAST NEW YORK

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 1 - **Background**

In 1981, Local Development Corporation of East New York, (the “LDCENY,” the “Organization”) was organized under the Laws of the State of New York and is exempt from taxation under Section 501 (c) (3) of the Internal Revenue Code.

The mission of LDCENY is to empower low-to-moderate income women and minorities with programs that promote economic sufficiency, build assets and improve their lives and those of their families. LDCENY works with local businesses to retain and build industry and commerce, create jobs and improve economic opportunities for local residents and neighborhood enterprises within East New York community. LDCENY addresses this objective through the administration of a number of economic and entrepreneurial development activities as follows:

Procurement – The LDCENY assists clients to identify new markets and revenue streams, and to obtain contracts with new companies and government agencies.

Minority and Women’s Business Enterprise – The LDCENY offers certification workshops and work with clients individually to prepare applications for certification with the New York City and New York State Minority and Women’s Business Enterprise programs. They work with companies to obtain the 8A certification through the U.S. Small Business Administration.

Marketing Assistance – The LDCENY provides hands-on assistance to clients to develop marketing materials. These include a full range of graphic design services including the design and development of logos, business cards, brochures and website development.

Neighborhood Promotion – The LDCENY works with various city and state government agencies to promote East Brooklyn as a viable area for business location, relocation and expansion. An important aspect of this work is identifying and securing economic development incentives and tax abatements for companies making capital investments and bringing jobs to the community.

Advocacy - The LDCENY is an advocate for businesses, large and small. By playing a middleman's role between business owners and various city and state agencies, the LDCENY acts to deflect the nuisance aspects of many city and state regulations as they affect business people occupied with the demands of managing their businesses and staying competitive in today's global environment.

In addition, LDCENY provides services in the following areas:

- . Trainings & Workshops
- . Access to Capital
- . Business Counseling
- . Neighborhood Revitalization
- . Financial Education
- . Commercial Revitalization

LOCAL DEVELOPMENT CORPORATION OF EAST NEW YORK

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 1 - **Background (Continued)**

These economic and entrepreneurial development activities are provided by the following programs:

Women's Business Center Program (WBC)

The Women's Business Center initiative provides small business development services to women. This program provides training, workshops and one-on-one counseling on a variety of business topics and issues. The goal is to assist women to start, implement and operate businesses from concept to turnkey. The Women's Business Center program is funded by SBA.

Entrepreneurial Assistance Program ("EAP")

The EAP initiative trains minorities and women to start and manage businesses. Emphasis is placed upon developing effective business plans, obtaining business financing and MWBE certification. The program is funded by Empire State Development Corporation ("ESD").

Minority and Women's Business Enterprises ("MWBE")

The program offers certification workshops and works with clients individually to prepare applications for certification with the New York City, New York State Minority and Women's Business Enterprise and the SBA's 8A programs.

Financial Wellness

This program provides personal financial wellness training with the objective of assisting clients in building credit, reducing debt, and building assets. The objective is accomplished by providing workshops supplemented with one-on-one counseling to assist clients to resolve personal financial issues and implement financial strategies. The program is funded by Santandar Bank, HSBC and Valley National Bank.

Note 2 - **Summary of Significant Accounting Policies**

Financial Statement Accounting Basis and Presentation

The financial statements of the Local Development Corporation of East New York have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

LOCAL DEVELOPMENT CORPORATION OF EAST NEW YORK

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 2 - **Summary of Significant Accounting Policies (Continued)**

Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update, ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities ("ASU 2016-14"). ASU 2016-14 changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes to those resources) to donors, grantors, and creditors, and other users. These include qualitative and quantitative requirements in the following areas: • Net Asset Classes; • Investment Return; • Expenses; • Liquidity and Availability of Resources; and • Presentation of Operating Cash Flows.

Under the provisions of the Guide - ASU 2016-14, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Organization has implemented ASU 2016-14 changes; there was no impact on the Organization's change in net assets or financial position upon adoption of the new standard.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09 that introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires disclosures sufficient to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The standard is effective for fiscal years beginning after December 15, 2018, with early adoption permitted for nonpublic entities.

The Organization has implemented ASU 2014-09 changes; there was no impact on the Organization's change in net assets or financial position upon adoption of the new standard.

LOCAL DEVELOPMENT CORPORATION OF EAST NEW YORK

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Accounting Pronouncements (Continued)

In February 2016, the FASB issued ASU 2016-02, "Leases Topic 842." The amendments in this update require, among other things, that lessees recognize the following for all leases (with the exception of leases with a duration of less than 12 months) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-to-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessees and lessors must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. An update to Leases (Topic 842) ASU 2020-05 was issued June 2020. The standard is effective for nonpublic entities beginning after December 15, 2022, with early adoption permitted.

The Organization is currently evaluating the new guidance to determine the impact it will have on its financial statements and has elected not to adopt this ASU early in these financial statements.

Contributions

Local Development Corporation of East New York reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are to be reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, Local Development Corporation of East New York reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Taxes - Local Development Corporation of East New York is exempt from Federal income taxes under Section 501 (c) (3) of the US Internal Revenue Code.

Revenue Recognition

Revenues are received from grants, program income, contributions, and fundraising. Revenues received are recorded as Net Assets Without Donor Restrictions and Net Assets With Donor Restrictions support depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in Net Assets With Donor Restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), Net Assets With Donor Restrictions are reclassified to Net Assets Without Donor Restrictions and reported in the Statement of Activities as Net Assets Released from Restrictions.

LOCAL DEVELOPMENT CORPORATION OF EAST NEW YORK

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 2 - **Summary of Significant Accounting Policies (Continued)**

In-Kind Contributed Facilities

In-Kind Contributed Facilities are recognized in accordance with FASB ASC 958-605. Donations of property and the use of property are recorded as In-kind Contributed Facilities in the Statement of Activities at estimated fair value at date of receipt.

For the year ended June 30, 2022, In-kind Contributed Facilities was \$31,250.

Depreciation

Depreciation is provided over the useful life of Furniture and Equipment on a straight - line basis. The estimated useful lives for Furniture and Equipment range from 3-5 years.

Capitalization Policy

Furniture and Equipment are recorded at cost, if purchased, or fair value, if donated. Furniture and Equipment of less than one thousand (\$1,000) dollars are expensed.

Cash Equivalents

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

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.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

LOCAL DEVELOPMENT CORPORATION OF EAST NEW YORK

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 3- **Cash and Cash Equivalents**

Cash and Cash Equivalents at June 30, 2022 comprised of the following:

Operating Accounts	\$	16,149
Program Accounts		566,942
Total Cash and Cash Equivalents	\$	583,091

Note 4 - **Receivables**

Receivables represent amounts due from Government, Foundation and Corporate Grantors that were expended by LDCENY on behalf of the programs. At June 30, 2022 Receivables were \$156,235.

Note 5 - **Furniture and Equipment, Net**

Furniture and Equipment, Net at June 30, 2022, consisted of the following:

Furniture and Equipment	\$	161,457
Less: Accumulated Depreciation		(159,897)
Furniture and Equipment, Net	\$	1,560

Depreciation Expense at June 30,2022 is \$11,382.

Note 6 - **Deferred Revenue**

Deferred Revenue represents an amount received from a Not-For-Profit Organization grantor that has not yet been expended. As at June 30, 2022, Deferred Revenue is \$12,500.

Note 7 - **Sponsor Grant Advance**

LDCENY entered into a fiscal sponsorship and services agreement with Universe City NYC LLC for the Andrew W. Mellon Foundation Humanities in Place Program funds of \$550,000 granted for the development of community facilities, space, and programs to elevate the capacity to serve the communities of Brownsville and East New York, Brooklyn. LDCENY is responsible for receipt of the restricted grant funds, and to facilitate payments of funds as per the agreement and prescribed project budget.

For the year ended June 30, 2022, Sponsor Grant Advance was \$550,000.

LOCAL DEVELOPMENT CORPORATION OF EAST NEW YORK

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 8 - **In-kind Contribution - Facilities**

LDCENY occupies office space owned by Citibank located at 80 Jamaica Avenue, Brooklyn, New York. As per the terms of the agreement LDCENY does not pay any rent. The rental value of the space is estimated at \$31,250 for the year ended June 30, 2022. This value is recorded as In-kind Contributions - Facilities in the Statement of Activities, Revenues and Expense section.

Note 9 - **Concentrations of Revenue Sources**

LDCENY receives approximately ninety-six percent (96%) of its revenue from grant income and contributions from donors. Any significant change in the government's approach to funding or changes to the foundations and corporations' decisions relating to funding could significantly affect the Organization's revenues and its ability to function. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with a change.

Note 10 - **Liquidity and Availability**

The Organization's Financial Assets are available for general expenditure, that is without donor restrictions limiting their use, within one year of the balance sheet date. The Financial Assets comprise of the Cash and Cash Equivalents of \$33,091. There were no donor restrictions or other limits on Cash and Cash Equivalents to be used in the next year. See Note 3 for Cash and Cash Equivalents total balance.

Note 11 - **Functional Expenses**

The Organization's financial statements report certain categories of expenses that are attributed to programs: Economic and Entrepreneur Development and Support Functions: Management and General, and Fundraising. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: salaries and fringe benefits, audit, accounting, consultants, memberships, subscriptions and reference, supplies, utilities, payroll expense, maintenance and repairs, license and permits, software, website, and technology, printing, posting and reproduction, telephone and internet expense, depreciation, food and beverages, occupancy costs, other expense, program expense, bank service charges, and in-kind service facilities expense which are allocated based on the basis of percentage estimates of time and effort.

LOCAL DEVELOPMENT CORPORATION OF EAST NEW YORK

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 12 - **Related Party**

One member of the Board of Directors of the LDCENY is also a member of the Board of Directors of East Brooklyn District Management Association (“EBDMA”), and one member of the Board of Directors of the LDCENY is also a member of the Board of Directors of East Brooklyn Housing Development Corporation (“EBHDC”).

LDCENY shares office space, equipment, management services, bookkeeping, and administrative services, and personnel with EBDMA. LDCENY has entered into an agreement with EBDMA to charge management fees as reimbursement to offset the shared costs.

Note 13 - **Subsequent Events**

LDCENY evaluated its June 30, 2022 financial statements for subsequent events through October 11, 2023, the date the financial statements were available to be issued. LDCENY is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.



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**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
Local Development Corporation of East New York
80 Jamaica Avenue, 3rd Floor
Brooklyn, NY 11207

We have audited, in accordance with the 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 Local Development Corporation of East New York, as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2023.

Internal Control Over Financial Reporting

In planning and performing the audit of the financial statements, we considered Local Development Corporation of East New York'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 of the effectiveness of Local Development Corporation of East New York's internal control. Accordingly, we do not express an opinion on the effectiveness of Local Development Corporation of East New York'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 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 Local Development Corporation of East New York's financial statements are free of 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.

Aston Bell & Associates

Rancocas, New Jersey
October 11, 2023