

**Steuben Area Economic Development Corporation**

**LETTER TO MANAGEMENT**

December 31, 2009

# WHEAT & FITZPATRICK

CERTIFIED PUBLIC ACCOUNTANTS

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February 18, 2010

To the Board of Directors  
Steuben Area Economic Development Corporation

We have audited the financial statements of the Steuben Area Economic Development Corporation for the year ended December 31, 2009, and have issued our report thereon dated February 18, 2010. Professional standards require that we provide you with the following related to our audit.

## **Our Responsibility Under Generally Accepted Auditing Standards**

As stated in our engagement letter dated December 3, 2009, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the Steuben Area Economic Development Corporation. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

## **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Steuben Area Economic Development Corporation are described in Note B to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the Organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

## **Significant Audit Adjustments**

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Organization that could cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We are pleased to report that all adjustments proposed were recorded.

### **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 that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreement arose during the course of our audit.

### **Consultations With Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

#### **Organizational Structure**

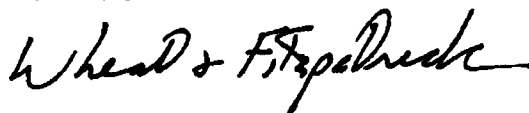
The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide the optimum segregation of duties. This situation dictates that the Board remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

#### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended for the use of the Board of Directors and management of the Steuben Area Economic Development Corporation and should not be used for any other purpose.

Very truly yours,



Wheat & Fitzpatrick