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March 31, 2025

To the Board of Directors of  
Hudson Valley Agri-business Development Corporation:

We have audited the financial statements of Hudson Valley Agri-business Development Corporation (the "Organization") as of and for the year ended December 31, 2024, and have issued our report thereon dated March 31, 2025. 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 January 24, 2025, 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 the system 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 system of internal control of Hudson Valley Agri-business Development Corporation 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.

We have provided our comment regarding a material weakness noted during our audit in our 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* (Yellow Book report) dated March 31, 2025.

### **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.

## **Significant Risks Identified**

We have identified the following significant risks:

- Management override of controls;
- Revenue recognition.

As a result of our audit procedures, we did identify a material weakness related to revenue recognition as noted in our Yellow Book report.

## **Qualitative Aspects of the Entity's 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 Hudson Valley Agri-business Development Corporation is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during December 31, 2024. 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.

### *Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 those expected. The most sensitive estimate(s) affecting the financial statements was the allowance for credit losses.

Management's estimate of the allowance for credit losses is based on a combination of management's analysis of existing receivables balances, economic conditions, and the credit-worthiness and future expected business successes of its loan recipients. We evaluated the key factors and assumptions used to development to allowance for credit losses and determined that it is 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 Hudson Valley Agri-business Development Corporation's financial statements relate to:

- Loans receivable;
- Deferred revenue; and
- Long-term debt.

## **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 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. 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. The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, is immaterial, both individually and in the aggregate, to the financial statements taken as a whole:

- Decrease computers for \$3,041, accumulated depreciation for \$1,355, and recognize a gain on disposal of fixed assets for \$1,686 to remove two laptops no longer in service from the accounting records.
- Increase net assets with donor restrictions and decrease net assets without donor restrictions by \$9,613 to reflect program income on economic development administration revolving loan fund (EDA RLF) from 2023.
- Increase restricted cash and decrease unrestricted cash by \$9,613 for program income on EDA RLF from 2023.
- Increase interest income by \$4,083, increase accrued interest by \$6,492 and decrease net assets by \$2,409 to recognize accrued interest income as of December 31, 2024 on the loans receivable including the impact to the opening net assets as a result of not recording the accrued interest on the loans receivable in the prior year, as well.
- Increase loan origination fee assets by \$29,922, increase net assets by \$35,176 and increase expenses by \$5,184 for impact of not amortizing loan origination expenses over the life of the loans incurred in 2023.

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:

- Increased deferred revenue and decreased government grant revenue by \$120,000 to properly record amount received from the EDA that had not been disbursed as a loan as of December 31, 2024.

## **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 Hudson Valley Agri-business Development Corporation'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 a separate letter dated March 31, 2025.

## **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.

## **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with Hudson Valley Agri-business 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 conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Hudson Valley Agri-business Development Corporation's auditors.

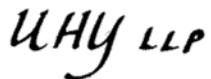
### *Other Control Deficiency Recommendations:*

#### Information Technology (IT) and Cybersecurity

- Network Security: We recommend that management have some kind of networking scanning in place for vulnerabilities and/or hire a third-party firm to conduct a penetration test to understand the holes in their network security.

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

Very truly yours,

The image shows a handwritten signature in black ink that reads "UHY LLP". The letters are stylized and cursive, with the "U" and "H" being particularly prominent.