



**To the Board of Directors
Beaufort County Economic Development Corporation
Beaufort, South Carolina**

We have audited the financial statements of **Beaufort County Economic Development Corporation** (the "Corporation") for the year ended June 30, 2025, and we will issue our report thereon dated December 11, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 10, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 affecting the financial statements was:

Management's estimate of the fair value of financial assets and liabilities is based on quoted prices when available and best estimates when not available. We evaluated the key factors and assumptions used to develop the fair value estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. See attached "Summary of Recorded Audit Adjustments".

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 11, 2025.

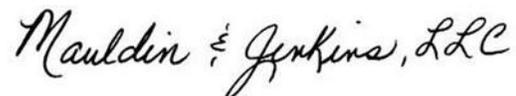
Management Consultations with Other Independent Accountants

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 Corporation'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.

Other Audit Findings or Issues

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

This information is intended solely for the use of the Board of Directors and management of the Beaufort County Economic Development Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.



Columbia, South Carolina
December 11, 2025

Beaufort County Economic Development Corporation

SUMMARY OF RECORDED AUDIT AJUSTMENTS YEAR ENDED JUNE 30, 2025

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 3			
Reclass funds received to purchase land out of revenue and due to county			
4014	Reserves Funds:County Site & Job Fund Income	461,114.98	
2500	Due to County		461,114.98
Total		461,114.98	461,114.98
	Total Adjusting Journal Entries	461,114.98	461,114.98
Reclassifying Journal Entries			
Reclassifying Journal Entries JE # 1			
MOVE INKIND RENT EXPENSE			
6302	Fixed: In-Kind Rent Lease	5,400.00	
6301	Fixed:Rent & Lease		5,400.00
Total		5,400.00	5,400.00
Reclassifying Journal Entries JE # 2			
Reclass conditional grant to different account			
4014	Reserves Funds:County Site & Job Fund Income	131,175.00	
4014	Reserves Funds:County Site & Job Fund Income	15,000.00	
4030	Reserves Funds:Grants		15,000.00
4031	Conditional Grants		131,175.00
Total		146,175.00	146,175.00
	Total Reclassifying Journal Entries	151,575.00	151,575.00
	Total All Journal Entries	612,689.98	612,689.98



**To the Board of Directors
Beaufort County Economic Development Corporation
Beaufort, South Carolina**

In planning and performing our audit of the financial statements of **Beaufort County Economic Development Corporation** (the "Corporation") as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing 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 on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in the Corporation's internal control to be a material weakness:

Improper Classification of Conditional Advance as Revenue

During the audit, we noted that the Corporation recognized funds received from Beaufort County (the "County") totaling \$461,115 as revenue in the Statement of Activities for the fiscal year ended June 30, 2025. These funds were provided to the Corporation as an advance, specifically designated for the purchase of a parcel of land, with the contractual requirement that the funds be returned to the County upon the subsequent sale of that land.

According to U.S. Generally Accepted Accounting Principles (GAAP), specifically ASC 958-605, if an asset transfer to a non-profit entity is conditional and revocable, and/or establishes a clear agency relationship or legal obligation to transfer the asset back, the funds should be recorded as a refundable liability upon receipt, not as revenue. The contractual terms dictating the return of funds upon the sale of the land demonstrate a performance obligation and a resulting liability, not unconditional revenue.

The internal control processes related to the review and classification of new, non-standard funding arrangements were ineffective. Specifically, management failed to adequately analyze the contractual agreement with the County to identify the conditional and refundable nature of the advance, leading to an incorrect interpretation of the funding as an unconditional contribution or grant revenue.

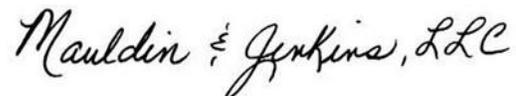
The misclassification resulted in a material misstatement in the Corporation's financial statements:

1. **Statement of Financial Position:** Liabilities were understated and Net Assets without Donor Restrictions were overstated by \$461,114.98.
2. **Statement of Activities:** Revenue was overstated and the change in Net Assets without Donor Restrictions was overstated by \$461,114.98.

Recommendation

We recommend that management strengthen its control activities by implementing a formal, documented process for technical review of all new or complex funding agreements. This process should involve a senior accounting professional or external advisor to ensure proper classification (revenue, donor-restricted, or refundable liability) before funds are recorded in the general ledger.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Corporation, and is not intended to be, and should not be, used by anyone other than these specified parties.



Columbia, South Carolina
December 11, 2025



December 11, 2025

Mauldin & Jenkins, LLC
508 Hampton Street, 1st Floor
Columbia, South Carolina 29201

This representation letter is provided in connection with your audit of the financial statements of Beaufort County Economic Development Corporation (the "Corporation"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (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 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 11, 2025, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 10, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP
3. 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP, including those measured at fair value.
6. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. 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.
8. We are in agreement with the adjusting journal entry you have proposed, and it has been posted to the Corporation's accounts.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.



10. Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the Corporation is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

12. We have provided you with:
 - a. 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 (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Corporation from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. 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.
15. We have no knowledge of any fraud or suspected fraud that affects the Corporation and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation's financial statements communicated by employees, former employees, grantors, regulators, or others.
17. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
18. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
19. We have disclosed to you the names of all of the Corporation's related parties and all the related-party relationships and transactions, including any side agreements.
20. The Corporation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
21. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
22. The Corporation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Corporation's tax-exempt status, and all activities



subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up to date.

23. In regard to the financial statement preparation services performed by you, we have:
- a. Assumed all management responsibilities.
 - b. Designated John O'Toole who has suitable skill, knowledge, or experience to oversee the services.
 - c. Evaluated the adequacy and results of the services performed.
 - d. Accepted responsibility for the results of each of the above services.
 - e. Ensured that the data and records are complete, and we have sufficient information to oversee the services.
24. We have not utilized Mauldin & Jenkins, LLC to store documents, data, or records on behalf of the Corporation in accordance with the "Hosting Services" (see ET Section 1.295.143) interpretation of the AICPA Code of Professional Conduct. We are solely responsible for maintaining the Corporation's own data and records.
- a. In that regard, Suralink is used as a method of transferring data to Mauldin & Jenkins, LLC and is not intended for the storage of the Corporation's information. All information we have provided through Suralink is a copy and we have maintained original documents and data as a part of the Corporation's records.

BEAUFORT COUNTY ECONOMIC DEVELOPMENT CORPORATION



John O'Toole
Executive Director



Kelli Brunson
Senior Project Manager