

August 10, 2020

Board of Commissioners
Charles W. Latini, Executive Director
The Ewing Township Redevelopment Agency
2 Jake Garzio Drive
Ewing, NJ 08628

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of Ewing Township Redevelopment Agency's (the "Agency")'s financial statements as of and for the years ended June 30, 2020 and 2019.

Communication

Effective two-way communication between our firm and the Board of Commissioners is important to understanding matters related to the audits and developing a constructive working relationship.

Your insights may assist us in understanding the Agency and its environment, identifying appropriate sources of audit evidence and providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate to us any matters you consider relevant to the audits. Such matters might include strategic decisions that may significantly affect the nature, timing and extent of audit procedures, your suspicion or detection of fraud or abuse, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, illegal acts, instances of noncompliance, or abuse that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, without our permission no principal or professional employee of Mercadien, P.C., Certified Public Accountants is permitted to have any direct financial interest or a material indirect financial interest in a client or any affiliate of a client. Also, if an immediate family member or close relative of a principal or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with firm policy. In addition, our policies restrict certain non-audit services that may be provided

by Mercadien, P.C., Certified Public Accountants and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how your entity functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of business objectives, strategies, risks and performance.

As part of obtaining an understanding of your entity and its environment, we will obtain an understanding of internal control. We will use this understanding to identify risks of material misstatement and noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance, including abuse.

The Concept of Materiality in Planning and Executing the Audits

We apply the concept of materiality in both planning and performing the audits, evaluating the effect of identified misstatements or noncompliance on the audits and the effect of uncorrected misstatements, if any, on the financial statements, forming the opinions in our report on the financial statements, and determining or reporting in accordance with *Government Auditing Standards* (“GAS”) issued by the Comptroller General of the United States. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audits. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. Our assessment of materiality throughout the audits will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audits, other than those that are clearly trivial. At the end of the audits, we will inform you of all individual uncorrected misstatements aggregated by us in connection with our evaluation of our audit test results.

Our Approach to Internal Control and Compliance Relevant to the Audits

Our audits of the financial statements will include obtaining an understanding of internal control sufficient to plan the audits and determine the nature, timing and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or identify significant

deficiencies or material weaknesses. Our review and understanding of the entity's internal control is not undertaken for the purpose of expressing opinions on the effectiveness of internal control.

We will issue reports on internal control related to the financial statements. This report describes the scope of our understanding of internal control and the results of our understanding of internal control. Our report on internal control will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control consistent with the requirements of GAS.

We will issue reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state statutes and regulations and assumed contracts; and any state grant, entitlement or loan program questioned costs of which we become aware, consistent with the requirements of the standards identified above.

Timing of the Audit

We have scheduled preliminary and final audit field work for both audits commencing during September 2020. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audits.

Notwithstanding the unprecedented circumstances resulting from the COVID-19 outbreak, we continue to have a professional obligation to gather sufficient appropriate audit evidence in support of the financial statements. Travel restrictions, actual or suspected infections, work from home requirements, changes – such as work force reductions – made to accommodate the current business environments, or other similar matters may result in delays in your employees' ability to provide us the necessary audit evidence on a timely basis or at all. Similarly, such matters may impact our own ability to collect or appropriately assess necessary audit evidence on a timely basis or at all.

Should such events occur, Ewing Township Redevelopment Agency and Mercadien will make good faith efforts to complete alternative procedures to gather and assess necessary audit evidence. Such procedures might include, but not be limited to, our respective employees working from home, transferring more audit information via electronic modes (preferably through our secure client portals), and meeting virtually rather than in-person. As to audit evidence transferred via electronic modes, management is responsible to ensure that such evidence is authentic, complete, and accurate for the purposes it is meant to serve. Mercadien will perform, as it deems necessary, incremental procedures to validate the authenticity, completeness, and accuracy of such audit evidence.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Agency.

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This communication is intended solely for the information and use of the Board of Commissioners and is not intended to be, and should not be, used by anyone other than this specified party.

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

A handwritten signature in black ink that reads "Digesh B. Patel". The signature is written in a cursive style with a large initial "D" and a long horizontal stroke at the end.

Digesh B. Patel, CPA, RMA, MBA, CGMA, PSA
Principal