

**Town of Colonie
Local Development Corporation**

Financial Report

December 31, 2013 and 2012

**Town of Colonie
Local Development Corporation**

Financial Report

December 31, 2013 and 2012

CONTENTS

	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-5
Basic Financial Statements	
Statements of Net Position	6
Statements of Revenues, Expenses, and Changes in Net Position	7
Statements of Cash Flows	8
Notes to Financial Statements	9-12
Supplementary Information	
Schedule of Indebtedness	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	14-15



Independent Auditor's Report

Chairman and Corporation Board
Town of Colonie Local Development Corporation
Colonie, New York

Report on the Financial Statements

We have audited the accompanying statement of net position of the Town of Colonie Local Development Corporation (Corporation), as of December 31, 2013, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Colonie Local Development Corporation as of December 31, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior Year Financial Statements

The financial statements of the Town of Colonie Local Development Corporation, as of and for the year ended December 31, 2012, were audited by Bollam, Sheedy, Torani & Co. LLP which merged with Sax Macy Fromm & Co., PC to form SaxBST LLP on January 1, 2014. Bollam, Sheedy, Torani & Co. LLP's report dated March 18, 2013, expressed an unmodified opinion on those statements.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Corporation's basic financial statements. The schedule of indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of indebtedness is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of indebtedness is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2014, on our consideration of the Corporation'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* in considering the Corporation's internal control over financial reporting and compliance.

SaxBST LLP

Albany, New York
March 12, 2014



ACCOUNTING / TAX / ADVISORY

Town of Colonie Local Development Corporation

Management's Discussion and Analysis December 31, 2013 and 2012

The following Management's Discussion and Analysis (MD&A) provides an introduction and overview to the financial activities and performance of the Town of Colonie Local Development Corporation (Corporation) for the years ended December 31, 2013 and 2012. This information should be reviewed in conjunction with the financial statements of the Corporation.

Overview of Financial Statements

The Corporation's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America promulgated by the GASB. The Corporation is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets, if any, are capitalized and are depreciated over their useful lives. See notes to the financial statements for a summary of the Corporation's significant accounting policies.

The *Statements of Net Position* present information on the Corporation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Corporation's financial position.

The *Statements of Revenues, Expenses, and Changes in Net Position* present information showing how the Corporation's net position changed during the most recent years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in these statements for some items will result in cash flows in future periods.

The *Statements of Cash Flows* relate to the flows of cash. Consequently, only transactions that affect the Corporation's cash accounts are recorded in these statements. A reconciliation is provided at the bottom of the statement of cash flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

In addition to the basic financial statements and accompanying notes, this report also presents the *Supplementary Schedule of Indebtedness*.

Financial Highlights

In 2010, the Corporation was formed and began discussing strategies to support economic activity in the Town which is not permissible within the Town of Colonie Industrial Development Agency (Agency). In December 2013 and 2011, it successfully closed its two phases of its first development project, The Shaker Pointe at Carondelet, with the issuance of \$10 million and \$12 million, respectively, in Multi-Modal Revenue Bonds. The project generated fees of \$60,250 in 2013 and \$100,250 in 2011 for the Corporation. The Shaker Pointe at Carondelet project provides a full service retirement residence community. No other projects have been brought before the Corporation for action.

Since inception, the Corporation had been aided by the Agency through cash flow advances to allow it to reach the point of closing on a development project. As of December 31, 2011, the Corporation owed the Agency approximately \$16,300 in legal fees, insurance, and publication costs. These advances were fully repaid by the Corporation in January 2012. Since December 2011, the Corporation has been fully supported by its own revenues.

Town of Colonie Local Development Corporation

Management's Discussion and Analysis December 31, 2013 and 2012

Financial Analysis of the Corporation

The tables below present condensed financial information derived from the Corporation's financial statements as of and for the years ended December 31, 2013, 2012, and 2011.

Condensed Statements of Net Position

	<u>December 31,</u>			<u>Increase</u>	<u>Increase</u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
				<u>2013-2012</u>	<u>2012-2011</u>
ASSETS					
Current assets	\$ 131,368	\$ 82,994	\$ 101,411	\$ 48,374	\$ (18,417)
Non-current assets	1,583	-	-	1,583	-
Total assets	<u>\$ 132,951</u>	<u>\$ 82,994</u>	<u>\$ 101,411</u>	<u>\$ 49,957</u>	<u>\$ (18,417)</u>
LIABILITIES AND NET POSITION					
LIABILITIES					
	\$ -	\$ 3,240	\$ 16,294	\$ (3,240)	\$ (13,054)
NET POSITION					
Investment in capital assets	1,583	-	-	1,583	-
Unrestricted	131,368	79,754	85,117	51,614	(5,363)
Total net position	<u>132,951</u>	<u>79,754</u>	<u>85,117</u>	<u>53,197</u>	<u>(5,363)</u>
Total liabilities and net position	<u>\$ 132,951</u>	<u>\$ 82,994</u>	<u>\$ 101,411</u>	<u>\$ 49,957</u>	<u>\$ (18,417)</u>

Condensed Statements of Activities

	<u>Years Ended December 31,</u>			<u>Increase</u>	<u>Increase</u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
				<u>2013-2012</u>	<u>2012-2011</u>
Revenues					
Administrative fees	\$ 60,000	\$ -	\$ 100,000	\$ 60,000	\$ (100,000)
Application income	250	-	250	250	(250)
Interest income	34	41	-	(7)	41
Total revenue	<u>60,284</u>	<u>41</u>	<u>100,250</u>	<u>60,243</u>	<u>(100,209)</u>
Expenses					
Administrative expenses	4,962	4,164	1,863	798	2,301
Professional fees	2,125	1,240	3,047	885	(1,807)
Total expenses	<u>7,087</u>	<u>5,404</u>	<u>4,910</u>	<u>1,683</u>	<u>494</u>
Change in net position	<u>\$ 53,197</u>	<u>\$ (5,363)</u>	<u>\$ 95,340</u>	<u>\$ 58,560</u>	<u>\$ (99,715)</u>

The annual fees for services are tied to the size and timing of economic activity projects, so will, therefore, fluctuate from year-to-year depending upon this activity. As previously noted in the financial highlights section, 2011 marked the Corporation's first year of substantial activity culminating in the closing of its first development project in December 2011. The Shaker Pointe at Carondelet Project resulted in the issuance of a \$10 million bond which provided the Corporation with its fee revenue for 2011. No projects were brought before the Corporation for consideration during 2012.

Town of Colonie Local Development Corporation

Management's Discussion and Analysis
December 31, 2013 and 2012

Financial Analysis of the Corporation - Continued

The Shaker Pointe at Carondelet Project returned to the Corporation in 2013 for further assistance. Phase II of the project resulted in the issuance of a \$12 million bond which provide the Corporation with its fee revenue for 2013.

During 2013, as in 2012, the Corporation's expenses were primarily for liability insurance, annual management fee, and independent audit services. The Corporation improved its website this year capitalizing \$2,375 of design and development costs which is being amortized over a three-year period beginning in 2013.

The revenue generated in 2011 provided the Corporation the ability to repay the Agency the \$16,294 related entity liability. This liability resulted from the Agency paying the start-up and basic operating costs of the Corporation since its inception. During 2012, the Corporation repaid this advance and covered its own cost of operations, and is expected to going forward.

Contacting the Corporation's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact Craig T. Blair, Comptroller, Colonie Town Hall, 534 Loudon Road, Latham, New York 12110.

**Town of Colonie
Local Development Corporation**

Statements of Net Position

	December 31,	
	2013	2012
ASSETS		
CURRENT ASSETS		
Cash	\$ 130,207	\$ 81,833
Prepaid expenses	1,161	1,161
Total current assets	131,368	82,994
CAPITAL ASSETS, net	1,583	-
	\$ 132,951	\$ 82,994
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts payable	\$ -	\$ 1,240
Accrued expenses	-	2,000
Total current liabilities	-	3,240
NET POSITION		
Investment in capital assets	1,583	-
Unrestricted	131,368	79,754
	132,951	79,754
	\$ 132,951	\$ 82,994

See accompanying Notes to Financial Statements.

**Town of Colonie
Local Development Corporation**

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31,	
	2013	2012
OPERATING REVENUES		
Administrative fees	\$ 60,000	\$ -
Application income	250	-
	60,250	-
OPERATING EXPENSES		
Depreciation	792	-
Insurance fees	2,143	2,143
Management fees	2,000	2,000
Postage, office supplies, and other	27	21
Professional fees	1,715	1,240
Website maintenance	410	-
	7,087	5,404
Operating income (loss)	53,163	(5,404)
OTHER INCOME		
Interest income	34	41
	34	41
Change in net position	53,197	(5,363)
NET POSITION, <i>beginning of year</i>	79,754	85,117
NET POSITION, <i>end of year</i>	\$ 132,951	\$ 79,754

See accompanying Notes to Financial Statements.

**Town of Colonie
Local Development Corporation**

Statements of Cash Flows

	Years Ended December 31,	
	2013	2012
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Receipts from customers	\$ 60,250	\$ -
Payments to vendors	(9,535)	(2,164)
	50,715	(2,164)
CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		
Related party advances (repayments)	-	(16,294)
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(2,375)	-
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Interest income earned	34	41
Net increase (decrease) in cash	48,374	(18,417)
CASH, beginning of year	81,833	100,250
CASH, end of year	\$ 130,207	\$ 81,833
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 53,163	\$ (5,404)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	792	-
(Decrease) increase in		
Accounts payable	(1,240)	1,240
Accrued expenses	(2,000)	2,000
	\$ 50,715	\$ (2,164)

See accompanying Notes to Financial Statements.

Town of Colonie Local Development Corporation

Notes to Financial Statements
December 31, 2013 and 2012

Note 1 - Organization and Summary of Significant Accounting Policies

a. Business Organization

The Town of Colonie Local Development Corporation (Corporation) was created in 2010 by the Town of Colonie (Town) under the Sections 402 and 1411 of the Not-for-Profit Corporation Law of New York State for the purpose of encouraging growth in the Town. The Corporation is exempt from federal, state, and local income taxes. The Corporation, although established by the Town, is a separate entity and operates independently of the Town. Corporation members have complete responsibility for management of the Corporation and accountability for fiscal matters. The Town, the Corporation, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

b. Basis of Accounting and Financial Statement Presentation

The accounts of the Corporation are maintained in a single proprietary fund on the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for government entities. The Governmental Accounting Standards Board (GASB) is the primary standard-setting body for establishing governmental accounting and financial reporting principles. With the measurement focus, all assets and liabilities associated with operations are included on the statement of net position.

Net Position is presented in the following categories:

Investment in capital assets - Consists of capital assets, net of accumulated depreciation.

Unrestricted - Consists of all other net position that does not meet the definition of "investment in capital assets."

c. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. Early Application of Accounting Pronouncements

Management has elected to early implement the following as of January 1, 2013:

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement established accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement provides specific accounting and financial reporting guidance for combinations in this environment and improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations.

**Town of Colonie
Local Development Corporation**

Notes to Financial Statements
December 31, 2013 and 2012

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

d. Early Application of Accounting Pronouncements - Continued

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement provides financial reporting and disclosure guidance to those governments that extend and receive nonexchange financial guarantees, thereby enhancing comparability of financial statements among governments.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability previously this was required not to be reported. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

GASB Statements No. 69, 70, and 71 had no impact on the financial statements.

e. Capital Assets

Capital assets acquired by the Corporation are stated at cost, including interest capitalized during construction when applicable. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets.

Description	Estimated Life
Building and improvements	5-30 years
Furniture and equipment	10 years
Intangible assets	3 years

f. Subsequent Events

The Corporation has evaluated subsequent events for potential recognition or disclosure through March 12, 2014, the date the financial statements were available to be issued.

Note 2 - Cash

The Corporation's investment policies are governed by State statutes. In addition, the Corporation has its own written investment policy. Corporation monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of New York State or its localities, and Certificates of Participation.

Town of Colonie Local Development Corporation

Notes to Financial Statements
December 31, 2013 and 2012

Note 2 - Cash - Continued

In accordance with the provisions of Section 10 of the General Municipal Law of New York State, all Corporation deposits, including certificates of deposit and special time deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, shall be collateralized by a pledge of eligible securities, letters of credit, or surety bonds. As of December 31, 2013 and 2012, the FDIC insurance was sufficient to secure the Corporation's deposits.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government.

All investment obligations shall be payable or redeemable at the option of the Corporation within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Corporation within two years of the date of purchase. The Town did not have any investments for the periods ended December 31, 2013 and 2012.

Note 3 - Capital Assets, Net

Capital assets are as follows:

	December 31,			
	2012	Additions	Disposal	2013
Capital assets being depreciated				
Intangible assets	\$ -	\$ 2,375	\$ -	\$ 2,375
Less accumulated depreciation for Intangible assets	-	(792)	-	(792)
Total capital assets being depreciated, net	-	1,583	-	1,583
Capital assets, net	\$ -	\$ 1,583	\$ -	\$ 1,583

Note 4 - Related Party Transactions

The Comptroller's, Attorney's, and Planning and Economic Development Departments of the Town provide staff support and office space to the Corporation. The Corporation has entered into an annual agreement with the Town for reimbursement of these costs. The management fee with the Town was \$2,000 for both 2013 and 2012.

**Town of Colonie
Local Development Corporation**

Notes to Financial Statements
December 31, 2013 and 2012

Note 4 - Related Party Transactions - Continued

From inception of the Corporation through December 2011, the Agency, which shares similar management and staff support with the Corporation, provided working capital advances to the Corporation which amounted to \$16,294 as of December 31, 2011. The Corporation repaid these advances in January 2012.

Note 5 - Revenue Bond and Note Transactions

Certain revenue bonds, notes, and straight leases issued by the Corporation are secured by property which is leased to companies and is retired by these payments. The bonds, notes, and straight leases are not obligations of the Corporation or the Town. The Corporation does not record the assets or liabilities resulting from completed bonds, notes, and straight leases issued in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bonds, notes, and lease holders, and funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Corporation receives administration fees from the borrowing companies. Such administrative fee income is recognized upon issuance of bonds, notes, and leases. In 2013, there was one new issuance of revenue bonds. No issuances of revenue bonds occurred in 2012. Revenue bonds outstanding at December 31, 2013 and 2012, were \$22,000,000 and \$10,000,000, respectively.

**Town of Colonie
Local Development Corporation**

Supplementary Information - Schedule of Indebtedness

Year Ended December 31, 2013

<u>Project Description</u>	<u>Original Issue Amount</u>	<u>Original Issue Date</u>	<u>Current Interest Rate</u>	<u>Outstanding January 1, 2013</u>	<u>Issued During 2013</u>	<u>Principal Payments/ Refinance 2013</u>	<u>Outstanding December 31, 2013</u>	<u>Final Maturity Date</u>
Shaker Pointe at Carondelet	\$10,000,000	12/11	0.06%	\$10,000,000	\$ -	\$ -	\$10,000,000	12/2041
Shaker Pointe at Carondelet	\$12,000,000	12/13	0.06%	-	12,000,000	-	12,000,000	12/2041
				<u>\$10,000,000</u>	<u>\$12,000,000</u>	<u>\$ -</u>	<u>\$22,000,000</u>	

**Independent Auditor's 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**

Chairman and Corporation Board
Town of Colonie Local Development Corporation
Colonie, New York

We have audited, in accordance with 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 statement of net position of the Town of Colonie Local Development Corporation (Corporation), as of December 31, 2013, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 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.

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 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 the Corporation's financial statements are free from 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SaxBST LLP

Albany, New York
March 12, 2014