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To The Board Of Directors
Emerald Corporate Center
Economic Development Corporation
Monticello, New York

In planning and performing our audit of the financial statements of Emerald Corporate Center Economic Development Corporation for the year ended December 31, 2012, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit, we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated May 1, 2013 on the financial statements of Emerald Corporate Center Economic Development Corporation. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

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 optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

Other items of a more routine nature were discussed with appropriate agency personnel.

We wish to thank your staff for its support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization.

Gitlin & Associates, LLP

Liberty, New York

May 1, 2013

FINANCIAL STATEMENTS

**EMERALD CORPORATE CENTER
ECONOMIC DEVELOPMENT CORPORATION**

YEAR ENDED DECEMBER 31, 2012

**EMERALD CORPORATE CENTER
ECONOMIC DEVELOPMENT CORPORATION**

December 31, 2012

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-10
Statement of Net Assets	11
Statement of Activities	12
Statement of Cash Flows	13
Notes to Financial Statements	14-15
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	16-17

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Emerald Corporate Center Economic Development Corporation
Monticello, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Emerald Corporate Center Economic Development Corporation, a component unit of County of Sullivan, New York, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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 opinions 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. 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 for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Emerald Corporate Center Economic Development Corporation, a component unit of County of Sullivan, New York as of December 31, 2012, and the respective changes and, where applicable, cash flows thereof for the year 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 the management's discussion and analysis on pages 4 through 10 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 audit of the basic financial statements, and other knowledge we obtain during our audit 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 1, 2013, on our consideration of the Emerald Corporate Center Economic Development Corporation, a component unit of County of Sullivan, New York, 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 Emerald Corporate Center Economic Development Corporation, a component unit of County of Sullivan, New York, internal control over financial reporting and compliance.

Gittin & Associates, LLP

Liberty, New York

May 1, 2013

**Emerald Corporate Center Economic Development Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2012**

The management of Emerald Corporate Center Economic Development Corporation (ECCEDC) offers the readers of these statements a narrative overview and analysis of the financial activities of ECCEDC for the fiscal year ended December 31, 2012. This Management's Discussion and Analysis (MD&A) should be read in conjunction with the audited financial statements and the related footnotes that follow.

Management Objectives and Organization

The ECCEDC was established on May 18, 2000 by an act of the Sullivan County Legislature (County Resolution 270), and incorporated as a not for profit corporation on June 15, 2000, with the mission of operating and selling shovel-ready lots within the Emerald Corporate Park for commercial office uses. The ECCEDC is located in the hamlet of Rock Hill, New York within the Town of Thompson. The Park is strategically located next to State Route 17 (future I-86) at Exit 109 placing the facility within 25-30 minutes of Interstates I-84 and I-87 and one hour from New York City.

The Park is physically located along Rock Hill Drive consisting of 52.55 acres.¹ The acreage is subdivided into six (6) lots ranging in size and topography. Three lots were purchased by Crystal Run Healthcare in 2002, and two (2) lots were purchased by ABC XYZ LLC in August of 2005. One lot remains for sale. This lot is located in the back of the Park consisting of approximately 23 acres.

Consistent with its mission, the ECCEDC has three primary objectives: (1) manage and maintain park assets and common areas in the park while lots are being sold; (2) market and sell all lots in the park; (3) upon the sale of all lots, divest itself of all park assets and transfer ownership and management of the park to an association of owners.

The ECCEDC is governed by a nine member board appointed by the County Legislative Chair and confirmed by the County Legislature. The board meets as needed on policy and budget matters regarding operations of the park. The chairman of the board is responsible for the day-to-day operational affairs of the park in meeting the aforementioned objectives.

The appointment practice of the Chairperson has been to nominate and confirm a senior executive officer of the County so that County staff and resources can be mobilized when necessary to address management issues of the park. In the past, the County Manager has served as Chairperson. Since February of 2005, the Commissioner of Planning has been serving as Chairperson.

¹ Prior to development, the park was 57 acres, but with the construction of the road and cuddle sack, and the subsequent dedication of these assets to the Town of Thompson, the acreage dropped to 52.55 acres.

Since its formation, the ECCEDC has had the County's business recruiting entity, the Partnership for Economic Development, assist with the marketing of the available lots in the park. Specifically, the Partnership has marketed the park at trade shows and interfaced with developers and commercial realty firms in identifying potential buyers of the lots in the corporate park.

Changing Board Policy to Fit the Changing Market

The Corporate Park was planned and constructed during the late 1990s in the midst of a major downturn in the County's economy. The philosophy behind developing the park was to stimulate economic activity by offering the region a shovel ready site to attract commercial space, ideally Class-A offices, to Sullivan County in an effort to stimulate and diversify the economy.

The post-911 era appeared to underscore this rationale since the thinking after September 11, 2001 was that back office operations would look to relocate outside the New York City Metropolitan Area. Given these circumstances, the ECCEDC Board prohibited spec building in the park and required a build to suit provision.

Between 2001 and late 2003 this management approach worked well in that Crystal Run Health Care Industries purchased three lots in July of 2002 and broke ground in June of 2003 constructing a 84,000 square foot medical center to meet their business needs. While the Crystal Run Medical Center was under construction, Brookside Homes (ABC XYZ, LLC), a major modular home corporation, purchased two lots to construct a 26,000 square foot office building to house financial, governmental, and professional services.

Between 2003 and 2005 a number of development firms took an interest in the park but declined submitting offers on the remaining lots because of the prohibition on spec buildings.

In reference to regional commercial office space, a market analysis conducted by the Commissioner of Planning and the President and CEO of the Partnership for Economic Development in the winter of 2006 revealed a strong demand for commercial and corporate office space in Orange, Westchester, Putnam, and Rockland counties. Furthermore, these areas offered more flexible options for development while offering a closer location to the New York Metropolitan Area making it appealing for developers. In effect, this reality refuted the Post-911 assumption noted earlier. The new Board Chairman's position was that the ECCEDC should allow spec building in order to attract buyers given the competition in the Hudson-Delaware region.

In the Spring of 2006, the Board approved the Chairman's recommendation on a case-by-case basis. The remaining 23 acres is currently on the market. Another issue at that time was the zoning of the park and its prohibition on allowing some portion of retail square footage to offer more flexibility in development. This point is addressed in more detail later in this discussion under the section entitled "major milestones and park development."

Description of Operations

The ECCEDC has no direct employees. Operations on-site are conducted via contract employees and other management functions of the Park are handled in-kind by members of Sullivan County staff.

The on-site contract employees include a water operations manager to oversee the corporate park water company and a local landscaping and snow plowing company to maintain the common areas of the park.

Management functions of the Park are handled by the Planning Commissioner to oversee the contract employees and conduct site visits to the Park, and the Office of Management and Budget to monitor the day-to-day expenses and prepare payments for board member signatures. The Board Chairperson also gives budget updates and expense reports to the board.

When necessary, in his capacity as Planning Commissioner, the Chairperson of the Board, will have a planning staff member do additional site visits to check on the lawn aesthetics and operating status of the park.

The Board is no longer responsible for the road and electrical infrastructure of the park. The former was dedicated to the Town of Thompson in 2004 and the latter was dedicated to New York State Electric and Gas (NYSEG) in 2005. The only remaining infrastructure is the water company.

Overview of Financial Statements

These financial statements are designed to provide readers with a broad overview of the Organization. These statements have been prepared in accordance with accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The Organization's basic financial statements comprise two components: the financial statements (a statement of net assets, a statement of activities and a statement of cash flows) and the footnotes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Statement of Net Assets presents information on all of the Organization's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

The Statement of Activities present information showing how the Organization's net assets changed during the most recent fiscal year. All changes in net assets 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 are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. the accrual for accounts payable is expensed in a current year and recorded as a liability on the statement of net assets for payout at a future date).

The Statement of Cash Flows is reported on the direct method. The direct method of cash flow reporting portrays net cash provided or used from operating, investing, capital and non-capital financing activities.

The Organization reports its activity as a business type activity using the full accrual measurement focus and basis of accounting. The Organization is a component unit of the County of Sullivan. Therefore, the results of the Organization's operations, its net assets, and cash flows are also summarized in the County's government wide financial statements.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The footnotes to the financial statements can be found on pages 14-15 of this report.

Financial Highlights

Statement of Net Assets

The statement of net assets presents the financial position of the Organization at the end of the fiscal year, December 31, 2012. During the fiscal year, the Organization's total assets decreased \$2,313. Liabilities decreased \$985. The table below reflects the financial position at December 31, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Current assets	\$ 34,029	\$ 36,342
Other non-current assets	<u>1,442,461</u>	<u>1,442,461</u>
Total assets	<u>1,476,490</u>	<u>1,478,803</u>
Current liabilities	2,746	3,731
Other non-current liabilities	<u>675,000</u>	<u>675,000</u>
Total liabilities	<u>677,746</u>	<u>678,731</u>
Net Assets	<u>\$ 798,744</u>	<u>\$ 800,072</u>

At December 31, 2012, the Organization's total assets were \$1,476,490 and total liabilities were \$677,746. Unrestricted net assets, which represent the equity of the Organization, were \$798,744.

The decrease in unrestricted net assets during the year of 1,328 was due to changes in cash, accounts receivable and amounts due from the County of Sullivan.

Current Assets

Current assets decreased \$2,313, or 6.36%, compared to the previous year. The reason for this was due primarily to a decrease in the amount of cash. Current assets are those obligations and consists of cash and cash equivalents, accounts receivable and Due from County of Sullivan.

Current Liabilities

Current liabilities decreased \$985, or 26.40%, compared to previous year. This was due to an increase in accounts payable. Current liabilities are those liabilities that will be paid within one year.

Non-Current Liabilities

The obligation due to County of Sullivan in the amount of \$675,000 reflects the current appraisal value of the property.

Statement of Activities

The statement of activities presents the Organization's results of operation.

- Total operating revenues for 2012 were \$59,935, which consist of support from the County.
- Operating expenses for 2012 were \$61,263, which includes water company operating expenses, insurance, professional fees and maintenance.

The following table reflects the changes in net assets for 2012.

Operating Revenues	\$ 59,935
Operating Expenses	<u>61,263</u>
Net Decrease in Net Assets	<u>\$ (1,328)</u>

Revenue Overview

	<u>2012</u>	<u>2011</u>
County of Sullivan	<u>\$59,935</u>	<u>\$55,119</u>

Total revenues increased \$4,816, or 8.74%, compared to previous year. This was due to an increase in revenues from the County.

Expense Overview

	<u>2012</u>	<u>2011</u>
Water Company Operating Expenses	\$ 39,216	\$ 38,279
Insurance	15,664	17,003
Professional Fees	5,968	4,588
Utilities	280	338
Miscellaneous	<u>135</u>	<u>135</u>
Total Expenses	<u>\$ 61,263</u>	<u>\$ 60,343</u>

Expenses increased \$920, or 1.52%, compared to previous year.

Major Milestones and Park Development

In previous MD&A assessments, we have made note of the restrictive zoning imposed by the Town of Thompson which has created a challenge because it has mitigated flexibility of potential developers. However, in the winter of 2008, with the assistance of our County Legislator from District 9, the Town of Thompson revised the zoning to allow a specific percentage of retail space of total development in the park.

Factors That Will Impact The Future

Two lots remains to be sold in the park. Yet, these lots are located in the back of the park and are not visible from Route 17/Future I-86. This aspect has been a concern of some prospects.

The most significant factor that will impact the divestiture of the park is the water company. Ideally, it would be best to transfer the water company to the Town of Thompson because the municipality could use the facility to control growth in the Rock Hill area.

Another option is to sell the facility to a private interest. The challenge, however, is the economies of scale of the service area, which is the corporate park. In order for a private entity, and a municipal corporation, to break even and eventually generate revenue, the service area will need to be expanded beyond the Park into the Town of Thompson. Expanding the water district along Rock Hill Drive would appear to be a plausible alternative since it could improve the ISO rating for businesses along Rock Hill Drive. However, in reality, this may be challenging since these businesses have resisted additional infrastructure costs along Rock Hill Drive. This option may change in time, but a conservative position seems to be the reality at the moment.

In terms of marketing the Park, the Board is considering listing the remaining lot with a broker who can invest the time to attract a suitable buyer given the location of the lot.

At the current time, the existence of the ECCEDC Board is indefinite until issues outlined here are resolved. A tangible time period for resolution remains unknown, however individuals involved in the day-to-day issues of the Park remained committed to pursue the aforementioned strategies.

**EMERALD CORPORATE CENTER
ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF NET ASSETS
As At December 31, 2012**

ASSETS	
CURRENT ASSETS	
Cash	\$ 7,951
Accounts Receivable	6,377
Due from County of Sullivan	<u>19,701</u>
TOTAL CURRENT ASSETS	<u>34,029</u>
NON-CURRENT ASSETS	
Deferred Building Costs	<u>1,442,461</u>
TOTAL ASSETS	<u>1,476,490</u>
 LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,746
NON-CURRENT LIABILITIES	
Due to County of Sullivan	<u>675,000</u>
TOTAL LIABILITIES	677,746
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	1,442,461
Unrestricted	<u>(643,717)</u>
TOTAL NET ASSETS	<u>\$ 798,744</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**EMERALD CORPORATE CENTER
ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012**

OPERATING REVENUES	
County of Sullivan	\$ <u>59,935</u>
OPERATING EXPENSES	
Water Company	39,216
Insurance	15,664
Professional Fees	5,968
Utilities	280
Miscellaneous	<u>135</u>
TOTAL OPERATING EXPENSES	<u>61,263</u>
CHANGE IN NET ASSETS	(1,328)
NET ASSETS-BEGINNING OF YEAR	<u>800,072</u>
NET ASSETS-END OF YEAR	\$ <u><u>798,744</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**EMERALD CORPORATE CENTER
ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from County of Sullivan	\$ 58,613
Cash Paid to Suppliers for Goods & Services	<u>(63,835)</u>
 NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	 (5,222)
 TOTAL CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>13,173</u>
 TOTAL CASH & CASH EQUIVALENTS, END OF YEAR	 <u>\$ 7,951</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income	\$ (1,328)
Adjustments to Reconcile Net Earnings to Net Cash Provided (Used) by Operating Activities:	
Change in Assets and Liabilities:	
Accounts Receivable	(1,587)
Due from County of Sullivan	(1,322)
Accounts Payable	<u>(985)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ (5,222)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**EMERALD CORPORATE CENTER
ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Emerald Corporate Center Economic Development Corporation (ECCEDC) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Corporation are described below.

Reporting Entity

ECCEDC was incorporated as a not for profit corporation on June 15, 2000 for the purpose of overseeing, managing and developing a corporate park with the objective of relieving and reducing unemployment; promoting and providing for additional and maximum employment; bettering and maintaining job opportunities; encouraging the development of, or retention of, industries in Sullivan County; assisting the commercial rehabilitation of Sullivan County.

ECCEDC is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. As a result, no provision for income tax has been made for purposes of this report.

The management of ECCEDC consists of the members of the Sullivan County Legislature and members appointed by the Legislature of the County of Sullivan. For the period ended December 31, 2010, ECCEDC occupies, at no cost, office space at the County Government Center. The County of Sullivan also provides administrative and clerical services to ECCEDC at no cost. The value of these services has not been determined.

ECCEDC is a component unit of the County of Sullivan, New York as set forth in GASB Statement 14.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

**EMERALD CORPORATE CENTER
ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of timing of related cash flows.

In accordance with Government Accounting Standards Boards Statement No. 20, paragraph 7, ECCEDC has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, ECCEDC considers all highly liquid investments with an initial maturity of six months or less to be cash equivalents.

Deferred Building Costs

During 2002, ECCEDC acquired land and existing infrastructure from the County of Sullivan for the purpose of constructing a corporate center. All expenditures related to architectural, engineering, legal matters and construction of infrastructure are being capitalized.

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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

To the Board of Directors
Emerald Corporate Center Economic Development Corporation
Monticello, New York

We have audited the financial statements of the governmental activities of Emerald Corporate Center Economic Development Corporation, as of and for the year ended December 31, 2012, which collectively comprise Emerald Corporate Center Economic Development Corporation's basic financial statements and have issued our report thereon dated May 1, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Emerald Corporate Center Economic Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Emerald Corporate Center Economic Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Emerald Corporate Center Economic Development Corporation's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Emerald Corporate Center Economic Development Corporation's financial statements are free of 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.

We noted certain matters that we reported to management of Emerald Corporate Center Economic Development Corporation, in a separate letter dated May 1, 2013.

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

Gitlin & Associates, LLP

Liberty, New York

May 1, 2013