CITY OF ALBANY
INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE
CITY OF ALBANY

FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Teal, Becker & Chiaramonte™
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

A Higher Standard of Excellence

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
Management's Discussion And Analysis	3-6
Statements Of Net Position	7
Statements Of Revenues, Expenses, And Changes In Fund Net Position	8
Statements Of Cash Flows	9
Notes To Financial Statements	10-14
	Schedule Number
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule Of Revenues And Expenses - Budget (Non-GAAP Basis) And Actual	I
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*	

The Chairman and Board of Directors
City of Albany Industrial Development Agency,
a Component Unit of the City of Albany
21 Lodge Street
Albany, New York 12207

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the City of Albany Industrial Development Agency, a Component Unit of the City of Albany (the Agency), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Agency'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits 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 audits 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 auditors' 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 auditors consider internal control relevant to the Agency'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 Agency'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 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 and the business-type activities of the City of Albany Industrial Development Agency, a Component Unit of the City of Albany, as of December 31, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 the Management's Discussion and Analysis and budgetary comparison information on pages 3 through 6 and Schedule I 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2014, on our consideration of the Agency'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 Agency's internal control over financial reporting and compliance.

Teal Becker & Chiaramonte, CPAs PC

Albany, New York
March 26, 2014

The following Management's Discussion and Analysis (MD&A) of the City of Albany Industrial Development Agency's (CAIDA or the Agency) activities and financial performance is offered as an introduction and overview of the financial statements of CAIDA for the fiscal years ended December 31, 2013 and 2012. Following this MD&A are the basic financial statements of CAIDA, together with the notes thereto which are essential to a full understanding of the data contained in the financial statements. In addition to the notes, this section also presents certain supplementary information to assist with the understanding of CAIDA's financial operations.

OPERATION SUMMARY

The City of Albany Industrial Development Agency's mission is to encourage investment and job creation/retention within the City of Albany. To do this, the Agency extends conduit tax-exempt and taxable bond issuance, mortgage recording, sales, and real-property tax abatements to offset or finance construction, rehabilitation, and equipping costs for eligible projects.

CAIDA participates in a project by taking title to or a leasehold interest in the real property and/or equipment of the project using the proceeds of bonds sold by CAIDA. By separate agreement, the private firm leases the facilities from CAIDA. Lease payments are usually equal to the debt service obligations of the issued bonds. CAIDA does not provide credit enhancement and issues bonds on a non-recourse basis.

Through a professional services agreement, the Capitalize Albany Corporation (CAC), an independent, not-for-profit economic development corporation provides staffing and administrative support to CAIDA. Staff meets with prospective developers to discuss the specifics of a particular project or development and makes recommendations about appropriate economic development programs as well as other planning, zoning, or project related issues. If CAIDA is an appropriate route, the applicant will complete and submit an application that outlines certain information and data, including anticipated level of job creation and retention that the project will generate. The application is reviewed by staff and counsel to determine project qualification and address other due diligence issues. The seven-member CAIDA Board meets monthly or as necessary to consider project applications focusing on the anticipated employment impact, the "public benefits" related to the proposed project, and other economic impacts and benefits on the local economy. As part of the review process, CAIDA members also consider potential costs to the local community of the project, including the loss of potential tax revenue. Each project is also required to provide an inducement resolution that specifically states how the project meets the statutory definitions of eligibility. The Agency convenes a public hearing for all projects that request financial incentives greater than $100,000 in value.

FINANCIAL OPERATIONS HIGHLIGHTS

The chart below provides a condensed summary of revenues and expenses for the years December 31, 2013 and 2012:

	2013	2012
Total revenues, gains, and other support	$597,206	$787,655
Total expenses	669,983	610,396
NET INCOME (LOSS)	$ (72,777)	$177,259

Agency revenues are predominantly derived from a 1% administrative fee paid by applicants for projects that close within a given year. As a result, revenues will fluctuate from year to year based on the level of project activity. The following Straight Lease projects closed in 2013:

Columbia Harriman 455, LLC, 455 Patroon Creek Boulevard, Albany, NY 12206

Acquisition of land at 455 Patroon Creek Boulevard and construction of an approximately 63,000 square foot office building on the site. This approximately $12 million project will create or retain an estimated 250 permanent jobs and create an estimated 200 construction jobs.

581 Livingston Avenue, LLC, 581 Livingston Avenue, Albany, NY 12206

This project includes the demolition of an existing structure and construction of a new three-story, 50-unit senior housing facility and related parking. This approximately $3.6 million project will create one permanent job and an estimated 25 construction jobs.

Albany Medical Science Research, LLC, 150 New Scotland Avenue, Albany, NY 12208

This project consists of the stabilization of an approximately 154,000 square foot, five-story biomedical research and administrative facility and a four-story, 606 space parking garage located on over five acres. The applicant proposes undertaking the stabilization of the entire facility through actively marketing and leasing the vacant, highly specialized tenant space to new biomedical research tenants and upon stabilization market and sell the stabilized facility. This project will create an estimated 120 permanent jobs.

Dilek, LLC, 423-425 Madison Avenue, Albany, NY 12210

This project consists of demolishing an existing one-story structure and constructing a new three-story, 7,000 square foot mixed-use structure. The building will house six market rate apartments and a 2,500 square foot commercial space. This approximately $1.9 million project will create an estimated 19 permanent jobs and create an estimated 14 construction jobs.

A condensed summary of CAIDA's net position at December 31, 2013 and 2012 is shown below:

	2013	2012
Assets		
Cash and Cash Equivalents	$725,300	$740,057
Accounts Receivable	-	108,040
Mortgage Notes Receivable	131,970	131,970
TOTAL ASSETS	**$857,270**	**$980,067**
Liabilities and Net Assets		
Accounts Payable	$ 74,408	$ 124,428
Mortgage Notes Payable	131,970	131,970
Total Liabilities	206,378	256,398
Net Position - Unrestricted	650,892	723,669
TOTAL LIABILITIES AND NET POSITION	**$857,270**	**$980,067**

FUTURE OPERATIONS

As of December 31, 2013, the following projects have been approved by the CAIDA Board and are expected to close by March 31, 2014:

Fuller Road Management Corporation, 575 Broadway, Albany, NY 12207

Redevelopment of the vacant Kiernan Plaza (formerly Union Station) building in Downtown as the Smart Cities Technology Innovation Center (SCiTI Center) to serve as an urban catalyst for business innovation, economic vitality, and educational outreach. Fuller Road Management Corporation (FRMC) is undertaking this project on behalf of the College of Nanoscale Science and Engineering (CNSE). This approximately $10 million project will create an estimated 150 permanent jobs, retain an additional 100 jobs, and create an estimated 50 construction jobs.

488 Broadway Arcade LLC, 482 Broadway, Albany, NY 12207

This project will convert an approximately 75,000 square foot mixed-use retail and commercial office building into mixed-use retail and residential space. Upon completion, this building will feature 68 residential rental units and 12,000 square foot rentable commercial space. This approximately $10 million project will create an estimated 20 permanent jobs and create an estimated 55 construction jobs.

412 Broadway Realty, LLC, 412 Broadway, Albany, NY 12207

This project will convert a vacant five-story mixed-use retail and commercial office building into an approximately 40,000 square foot mixed-use retail and residential space. When complete, the building will contain 32 residential rental units and commercial space of over 6,400 square feet. This approximately $3 million project will create an estimated eight permanent jobs, and create an estimated 26 construction jobs.

FINANCIAL STATEMENTS

CAIDA's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America promulgated by the *Government Accounting Standards Board (GASB)*. CAIDA is a public benefit corporation created by State legislation and is a component unit of the City of Albany. CAIDA follows enterprise fund accounting; accordingly, the financial statements are presented using the economic resources management focus. These financial statements are presented in a manner similar to a private business.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of CAIDA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to:

City of Albany Industrial Development Agency
Attention: Chief Financial Officer & Assistant Treasurer
21 Lodge Street
Albany, New York 12207

CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE CITY OF ALBANY

Statements Of Net Position

December 31

	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	$ 725,300	$ 740,057
Accounts receivable	-	108,040
Total current assets	725,300	848,097
Mortgage notes receivable (Note 2)	131,970	131,970
Total Assets	$ 857,270	$ 980,067
Liabilities And Net Position		
Current liabilities:		
Accounts payable	$ 74,408	$ 124,428
Total current liabilities	74,408	124,428
Mortgage payable (Note 4)	131,970	131,970
Total liabilities	206,378	256,398
Net position - unrestricted	650,892	723,669
Total Liabilities And Net Position	$ 857,270	$ 980,067

The accompanying notes are an integral part of these financial statements

CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE CITY OF ALBANY

Statements Of Revenues, Expenses, And Changes In Fund Net Position

For The Years Ended December 31

	2013	2012
Operating revenues:		
Fees	$ 596,232	$ 684,552
Total operating revenues	596,232	684,552
Operating expenses:		
Economic development support	300,000	250,000
Professional services	298,147	305,957
Other	2,728	12,509
Total operating expenses	600,875	568,466
Operating income (loss)	(4,643)	116,086
Non-operating revenues:		
Interest income	974	603
Economic development support (Note 3)	-	102,500
Total non-operating revenues	974	103,103
Non-operating expenses:		
Lease expenses (Note 7)	69,108	41,930
Total non-operating expenses	69,108	41,930
Net income (loss)	(72,777)	177,259
Net position - beginning	723,669	546,410
Net Position - Ending	$ 650,892	$ 723,669

The accompanying notes are an integral part of these financial statements

CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE CITY OF ALBANY

Statements Of Cash Flows

For The Years Ended December 31

	2013	2012
Cash flows for operating activities:		
Receipts from fees	$ 688,710	$ 587,211
Payments for economic development support	(362,500)	(187,500)
Payments for professional services	(288,973)	(306,484)
Payment for other expenses	(2,600)	(12,509)
Net cash provided by operating activities	34,637	80,718
Cash flows from investing activities:		
Interest	974	603
Lease expenses	(50,368)	(99,276)
Net cash used by investing activities	(49,394)	(98,673)
Cash flows from financing activities:		
Economic development support	-	102,500
Net cash provided by financing activities	-	102,500
Net increase (decrease) in cash and cash equivalents	(14,757)	84,545
Balances - beginning of year	740,057	655,512
Balances - End Of Year	$ 725,300	$ 740,057
Reconciliation of operating income (loss) to net cash used by operating activities:		
Operating income (loss)	$ (4,643)	$ 116,086
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	108,040	(108,040)
Accounts payable	(68,760)	72,672
Net Cash Provided By Operating Activities	$ 34,637	$ 80,718

The accompanying notes are an integral part of these financial statements

Note 1: Organization And Summary Of Significant Accounting Policies

Organization

The City of Albany Industrial Development Agency (the Agency), a public benefit corporation created by State legislation, is a component unit of the City of Albany, New York, and commenced operations on May 13, 1974. The Agency's purpose is to promote the advancement of job opportunities, health, general prosperity, and economic welfare of the people of the State of New York, to attract commerce and industry, and to retain areas adaptable for commercial and/or industrial purposes. Additionally, the Agency's purpose is to promote, develop, encourage, and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping, and furnishing of industrial, manufacturing, warehousing, commercial, and research facilities. The Agency also has the power to acquire, construct, reconstruct, lease, sell, improve, maintain, equip, or furnish certain properties and facilities. The members of the Agency are appointed by the City of Albany's Common Council. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters.

Summary of significant accounting policies

(a) Basis of presentation

The Agency utilizes the accrual basis of accounting wherein revenue is recognized when earned and expenses are recognized when incurred. The accompanying financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the *Government Accounting Standards Board (GASB)*, which is the primary standard setting body for establishing governmental accounting and financial principles.

(b) Cash and cash equivalents

The Agency's investment policies are governed by State statutes. The Agency's funds must be deposited in FDIC insured commercial banks or trust companies located within the State. The Agency is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Note 1: Organization And Summary Of Significant Accounting Policies (Continued)

At December 31, 2013, the carrying amount of the Agency's deposits, including cash and a money market account, is $725,300. The insured and collateral status of the year end bank balances are as follows:

Status of bank balances:	
Collateralized with securities held by a third party for the benefit of the Agency pursuant to a third party custodian agreement	$ 514,526
Covered by federal deposit insurance	250,000
Total Bank Balances	$ 764,526

(c) Statement of cash flows and cash equivalents

The Agency follows accounting principles generally accepted in the United States of America, which requires the reporting of cash flows under the direct method of cash flow reporting. The Agency elected to report cash flows under the direct method. For purposes of the statements of cash flows, the Agency considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents in accordance with accounting principles generally accepted in the United States of America.

(d) Mortgage notes receivable

Substantially all of the mortgage notes receivable are considered collectible. Accordingly, no allowance for doubtful accounts is required.

(e) Property and equipment

The Agency capitalizes all expenditures for property and equipment in excess of $1,000. There were no additions of property and equipment during the year.

(f) Industrial Development Revenue Bonds

The Agency may issue Industrial Development Revenue Bonds. The Bonds are special obligations of the Agency, payable solely from revenue derived from the leasing, sale, or other disposition of a project. As explained more fully in Note 5, there is no liability to the Agency; therefore, the obligations are not accounted for in the accounts of the Agency.

Note 1: Organization And Summary Of Significant Accounting Policies (Continued)

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as investment earnings, result from non-exchange transactions.

(g) Income taxes

The Agency is exempt from federal, state, and local income taxes.

(h) Estimates

The preparation of financial statements in accordance 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 and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The application of these accounting principles involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The Agency periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary.

(i) Presentation

Certain reclassifications, when applicable, are made to the prior year financial statement presentation to correspond to the current year's format. Reclassifications, when made, have no effect on net position or net income (loss).

Note 2: Mortgage Notes Receivable

The Agency's mortgage notes receivable comprise loans which are recorded at cost. Repayment terms and interest vary with each borrower.

Note 3: Related Party

The Agency shares a common board of directors with the City of Albany Capital Resource Corporation, a Component Unit of the City of Albany. The Agency received $102,500 from the City of Albany Capital Resource Corporation for general economic development support during the year ended December 31, 2012.

Note 4: Mortgage Payable

The Agency has entered into a loan agreement with the City of Albany. The proceeds are loaned, in turn, to the eligible mortgagor. Loan repayment maturities vary by loan and are collateralized by mortgage notes receivable.

At December 31, 2013 and 2012, long-term debt was $131,970 each year, and matures on December 23, 2022.

Note 5: Industrial Development Revenue Bond Transactions

Industrial Development Revenue Bonds issued by the Agency are secured by property which is leased to private companies. The debt is retired by the lease payments. The bonds are not obligations of New York State, the City of Albany, and are not liabilities of the Agency. Accordingly, the Agency does not record related activity in its accounts. The Agency acts as a financing conduit. For providing this service, the Agency receives an administrative fee. Such administrative fee income is recognized immediately upon issuance of bonds. Industrial Development Revenue Bonds outstanding as of December 31, 2013 total $533,746,154.

Note 6: Commitments

The Agency had an agreement with the Albany Parking Authority to pay 25% of the generally offered parking rate to provide up to 50 parking spaces associated with the Hampton Plaza. The generally offered parking rate at December 31, 2012 was $140 per space per month. This agreement was terminated during the year end December 31, 2012. Included in other expenses for December 31, 2012 were expenses totaling $10,500, related to the agreement.

Note 7: Sublease Agreement

The Agency had an agreement with the New Covenant Charter School (the Charter School) to lease a portion of the Charter School's building as a community center. The Agency paid the Community Center's share of all operating and maintenance expenses, fees, and charges. The annual costs of this lease were approximately $69,108 and $41,930 for the years ended December 31, 2013 and 2012, respectively. The original agreement was effective through November 30, 2099.

In June 2010, the Charter School closed and ownership rights reverted back to the bondholders. The Agency's obligation under the lease continues despite the closing of the Charter School. Under a revised agreement, the Agency was required to pay 80% of all operating and maintenance expenses, fees, and charges until the Charter School building was purchased.

During the fourth quarter of 2013, the building was leased to the Albany City School District. Accordingly, the Agency's obligation has reverted to the original terms under the lease agreement with New Covenant Charter School.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule I

CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE CITY OF ALBANY

Required Supplementary Information
Schedule Of Revenues And Expenses - Budget
(Non-GAAP Basis) And Actual

For The Year Ended December 31, 2013

	Budget	Actual	Variance
Revenues:			
Agency fees	$ 525,000	$ 596,232	$ 71,232
Economic development support	72,000	-	(72,000)
Interest income	500	974	474
Total revenues	597,500	597,206	(294)
Expenses:			
Economic development support	250,000	300,000	(50,000)
Management contracts	250,000	250,000	-
Sub-lease AHCC	45,000	69,108	(24,108)
Agency counsel	42,000	42,000	-
Audits/accounting	7,000	4,500	2,500
Other miscellaneous	2,200	2,728	(528)
Insurance	1,300	1,647	(347)
Total expenses	597,500	669,983	(72,483)
Excess (Deficit) Of Expenses Over Revenues	$ -	$ (72,777)	$ (72,777)

See paragraph on supplementary schedules in independent auditors' report

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*

The Chairman and Board of Directors
City of Albany Industrial Development Agency,
a Component Unit of the City of Albany
21 Lodge Street
Albany, New York 12207

Independent Auditors' Report

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 financial statements of the governmental activities and the business-type activities of the City of Albany Industrial Development Agency, a Component Unit of the City of Albany (the Agency) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated March 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Agency'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.*

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Teal Becker & Chiaramonte CPAs PC

Albany, New York
March 26, 2014