Yonkers Community Development Agency

Financial Statements

Year Ended June 30, 2015

Yonkers Community Development Agency

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Independent Auditors' Report

The Board of Directors of the
Yonkers Community Development Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the Yonkers Community Development Agency ("Agency") as of and for the year ended June 30, 2015, 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.

Auditors' 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 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 auditor considers 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 opinion.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2015, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1,A in the notes to financial statements which describes that these financial statements present only the Agency and do not purport to, and do not, present fairly the financial position of the City of Yonkers, New York as of June 30, 2015 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the financial statements is not affected by this missing information.

Report on Comparative Information

We have previously audited the Agency's June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 1, 2014. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2015 on our consideration of the Agency's internal control over financial reporting and 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 the 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated September 30, 2015 on our consideration of the Agency's compliance with Section 2925(3)(1) of the New York State Public Authorities Law ("Law"). The purpose of that report is to describe the scope and results of our tests of compliance with the Law.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
September 30, 2015

Yonkers Community Development Agency

Statement of Net Position
June 30,

	2015	2014
ASSETS		
Cash and equivalents	$ 1,836,672	$ 2,008,199
Restricted cash	343,709	288,853
Due from City of Yonkers	-	92,754
Capital assets		
Land and other non-depreciable property	2,638,563	2,638,563
Total Assets	4,818,944	5,028,369
LIABILITIES		
Accounts payable	14,625	11,180
Due to City of Yonkers	11,762	-
Advances fom City of Yonkers	162,960	162,960
Loan payable - Bank	341,770	341,770
Total Liabilities	531,117	515,910
NET POSITION		
Net investment in capital assets	2,638,563	2,638,563
Unrestricted	1,649,264	1,873,896
Total Net Position	$ 4,287,827	$ 4,512,459

The notes to financial statements are an integral part of this statement.

Yonkers Community Development Agency

Statement of Activities
Years Ended June 30,

	2015	2014
OPERATING REVENUES		
Rental income	$ 133,900	$ 137,457
Miscellaneous	-	15,620
Total Operating Revenues	133,900	153,077
OPERATING EXPENSES		
Contractual expenses	98,177	315,353
Rental of space	46,016	48,288
Total Operating Expenses	144,193	363,641
Loss From Operations	(10,293)	(210,564)
NON-OPERATING REVENUE (EXPENSES)		
Interest income	10,426	10,142
Interest expense	(224,765)	(279,085)
Gain on sale of real property	-	1,701,900
Total Non-Operating Revenues (Expenses)	(214,339)	1,432,957
Change in Net Position	(224,632)	1,222,393
NET POSITION		
Beginning	4,512,459	3,290,066
Ending	$ 4,287,827	$ 4,512,459

The notes to financial statements are an integral part of this statement.

Yonkers Community Development Agency

Balance Sheet
June 30,

	2015	2014
ASSETS		
Cash and equivalents	$ 1,836,672	$ 2,008,199
Restricted cash	343,709	288,853
Due from City of Yonkers	-	92,754
Total Assets	$ 2,180,381	$ 2,389,806
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 14,625	$ 11,180
Due to City of Yonkers	11,762	-
Advances from City of Yonkers	162,960	162,960
Total Liabilities	189,347	174,140
Fund balance		
Unassigned	1,649,264	1,873,896
Restricted	341,770	341,770
Total Fund Balance	1,991,034	2,215,666
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	2,638,563	2,638,563
Long-term and other liabilities are not due and payable in the current period and, therefore, are not reported in the fund.		
Loan payable - Bank	(341,770)	(341,770)
Net Position of Governmental Activities	$ 4,287,827	$ 4,512,459

The notes to financial statements are an integral part of this statement.

Yonkers Community Development Agency

Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	2015	2014
REVENUES		
Rental of space	$ 133,900	$ 137,457
Use of money and property	10,426	10,142
Miscellaneous	-	15,620
Total Revenues	144,326	163,219
EXPENDITURES		
Current		
Economic opportunity and development	144,193	363,641
Debt service		
Interest	224,765	279,085
Total Expenditures	368,958	642,726
Deficiency of Revenues Over Expenditures	(224,632)	(479,507)
OTHER FINANCING SOURCES		
Sale of real property	-	1,892,000
Net Change in Fund Balance	(224,632)	1,412,493
FUND BALANCE		
Beginning of Year	2,215,666	803,173
End of Year	$ 1,991,034	$ 2,215,666

The notes to financial statements are an integral part of this statement.

Yonkers Community Development Agency

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities
Years Ended June 30,

	2015	2014
Amounts Reported in the Statement of Activities are Different Because		
Net Change in Fund Balance	$ (224,632)	$ 1,412,493
The net effect of transactions involving the sale of capital assets is to decrease net position.	-	(190,100)
Change in Net Position	$ (224,632)	$ 1,222,393

The notes to financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The Yonkers Community Development Agency ("Agency") was established to develop and maintain healthy, vibrant neighborhoods that provide economic opportunities for low and moderate income persons living in the City of Yonkers, New York ("City"). The Agency, which is staffed by the City Community Development staff, utilizes an integrated approach by fostering partnerships among all levels of government and the private sector, including non-profit organizations. The Board of Directors are appointed by the City and is the legislative body responsible for the overall operation of the Agency.

The accounting policies of the Agency conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Agency's more significant accounting policies:

A. Basis of Presentation

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. The Agency is a governmental fund.

The accompanying financial statements present only the activities of the Agency and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2015 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

B. Government-Wide Financial Statements

The Statement of Net Position presents the financial position of the Agency at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of the Agency's functions are offset by operating revenues. Direct expenses are those that are clearly identifiable with the Agency's functions. Operating revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services or privileges provided by the Agency and (2) grants and contributions that are restricted to meeting the operational or capital requirements of the Agency. Other items not identified as operating revenues are reported as non-operating revenues.

C. Fund Financial Statements

The accounts of the Agency are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Agency maintains the minimum number of funds consistent with legal and managerial requirements. Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide

Note 1 - Summary of Significant Accounting Policies (Continued)

statements, a reconciliation is presented on the statements or the page following, which briefly explains the adjustments necessary to transform the fund based financial statements to the government-wide financial statements presentation. The Agency's resources are reflected in the financial statements in a governmental fund, in accordance with generally accepted accounting principles.

Governmental funds are those through which most general government functions are financed. The Agency's operating fund is a governmental fund in that it includes all revenues and expenditures not required by law to be accounted for elsewhere.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The statement of net position is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A ninety day availability period is generally used for revenue recognition for most governmental fund revenues. Fees and other similar revenues are not susceptible to accrual because generally they are not measureable until received in cash.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

Deposits and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of three months or less.

The Agency's deposits and investment policies are governed by New York State statutes. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Agency is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the Agency's policy provides for no credit risk on investments.

Note 1 - Summary of Significant Accounting Policies (Continued)

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of 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 New York State and its municipal and school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Agency's name. The Agency's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2015.

The Agency was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate or credit risk.

Restricted Cash - Certain assets are classified as restricted because their use is limited. Restricted cash will serve as collateral to fund any shortfalls in debt service payments relating to a financial assistance agreement with the Yonkers Economic Development Corporation ("YEDC") (Note 4).

Due From/To City of Yonkers - During the course of its operations, the Agency has numerous transactions with the City to finance operations or provide services. To the extent that certain transactions between the Agency and the City had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded.

Advances From City of Yonkers - Advances from City of Yonkers represent loans to the Agency which are not expected to be repaid within the subsequent annual operating cycle. The advances are offset by nonspendable fund balance in the City's General Fund, which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

Capital Assets - Capital assets, which are comprised of land and other non-depreciable property, are reported in the Statement of Net Position. Capital assets are defined by the Agency as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an

Note 1 - Summary of Significant Accounting Policies (Continued)

acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

As of June 30, 2015, no amounts were required to be reported as deferred outflows/inflows of resources.

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use. Net position on the Statement of Net Position includes net investment in capital assets. The balance is classified as unrestricted.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The City Council is the highest level of decision making authority that can, by adoption of ordinances submitted to them by the Mayor prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment.

Assigned fund balance represents amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Agency's policy to use restricted amounts first

Note 1 - Summary of Significant Accounting Policies (Continued)

and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Agency's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

G. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 30, 2015.

Note 2 - Detailed Notes on Assets, Liabilities and Net Position or Fund Balance

A. Capital Assets

Changes in the Agency's capital assets are as follows:

Class	Balance July 1, 2014	Additions/ Deletions	Balance June 30, 2015
Capital Assets, not being depreciated -			
Land and other non-depreciable property	$ 2,638,563	$ -	$ 2,638,563

B. Pension Plan

The Agency does not have any paid employees and, therefore, does not participate in a pension plan.

C. Loan Payable - Bank

The Agency has a loan payable to a bank in the amount of $341,770 which bears interest at 2.16%. The proceeds have been deposited into a restricted cash account. These borrowings were used to fund an interest reserve such that the Agency would pledge the proceeds of the loan as a collateral device for the obligations of the Agency to cover any shortfalls in debt service costs associated with a financial assistance agreement with the YEDC (Note 4). The interest costs, representing an amount equal to 2% over interest earnings on the restricted cash proceeds held on deposit are paid by the YEDC. Interest expense/expenditures of $7,485 were

Note 2 - Detailed Notes on Assets, Liabilities and Net Position or Fund Balance (Continued)

recorded in the fund financial statements and the government-wide financial statements. The loan is secured by a second lien leasehold mortgage and security agreement along with a second lien assignment of leases and rents on a ground lease on property located in Yonkers, New York. The loan matures in August 2023.

D. Other Post Employment Benefit Obligations

The Agency does not have any paid employees and therefore, does not provide health care benefits for retired employees.

E. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less the accumulated depreciation.

Unrestricted - the difference between assets and liabilities that is not reported in net investment in capital assets.

Note 3 - Summary Disclosure of Significant Contingencies

Risk Management

The City provides insurance for the Agency's general liability and auto liability policies.

Note 4 - Economic Development Projects

Larkin Garage

As part of the City's Urban Renewal Plan, the City desired to daylight the Saw Mill River at Larkin Plaza. This in turn displaced 144 public parking spaces and at the same time permitted approximately 92 units of affordable housing to be developed without parking on a nearby site. In order to accommodate both the 144 displaced spaces and the 92 spaces for affordable housing, the City needed a City controlled entity to aggregate funding sources to provide 300 public access parking spaces, which was estimated to be a $14,000,000 project with aggregated public resources of only $7,969,000.

This project was deemed to serve an essential governmental function: to restore parking spaces that were displaced as a result of the City's Urban Renewal Plan and to encourage future economic development in the area. Due to numerous state and local limitations, the City determined the YEDC to be the best qualified City controlled entity to aggregate funding from City, County and State grant sources of $7,969,000. The YEDC received said amount under a Financial Assistance Agreement with the Agency which required the YEDC to find additional sources and parties to complete the contemplated $14 million public access project. Upon receipt of said funds and upon taking on said obligations, the YEDC borrowed an additional $2,629,000 from Hudson Valley Bank such that it could make a $10,598,000 loan to Yonkers Capital Fund, LLC in a manner that qualified Yonkers Capital Fund, LLC for a New Market Tax Credit ("NMTC") Investment of $3,822,000 and transferred the obligation to build and operate a 300 space public access parking garage to private parties.

Note 4 - Economic Development Projects (Continued)

Without this structure, the needed investment of $3,822,000 in private funding to bring public access parking to the Urban Renewal Area of the City would not have occurred. The YEDC receives payments under the $10,598,000 loan it made to Yonkers Capital Fund, LLC in amounts sufficient to repay the $2,629,000 loan it has from Hudson Valley Bank. The loan payable of $341,770 reflected on the books and records of the Agency, will serve as collateral in the event that the debt service costs of the $2,629,000 YEDC loan are not met.

The Agency guaranteed the $14,000,000 NMTC transaction for the construction of the Yonkers Larkin Garage, as well as the YEDC loan in the amount of $2,629,000. The City provided an additional guarantee on the above Agency obligations.

The NMTC transaction required seven years (28 quarterly interest only payments of $54,320). The first six payments were made directly by the Yonkers Larkin Garage, Inc. (a private not for profit entity not controlled by the City) ("YLGI") during the construction of the garage. Since its opening in early 2013, the garage has failed to achieve profitability and is incapable of servicing this debt. The Agency, in 2014, had received a quarterly payment demand from YLGI and Solomon Hess (the administrative agent for the NMTC transaction). As a result, there were five quarterly payments made by the Agency during the fiscal year ended June 30, 2014. Three of these payments, aggregating $162,960, were advanced to the Agency by the City. Such amounts were not repaid in the current fiscal year and thus are reflected as a liability on the Agency's financial statements because it is also not expected that it can repay the City within the subsequent annual operating cycle. Interest expense/expenditures of $217,280 were recorded in the fund financial statements and the government-wide financial statements.

Yonkers Capital Fund, LLC (referred to as the "Upper Tier Fund" or "Investment Fund" when describing the NMTC structure) used the proceeds of the $10,598,000 loan and the $3,822,000 NMTC Investment to make a $14,000,000 Qualified Equity Investment in Solomon Hess NMTC III, LLC and said entity thereafter made a "lower tier loan" to YLGI which will develop and cause a 300 space public access parking garage to be constructed and operated. After seven years, Solomon Hess NMTC III, LLC will liquidate and distribute its lower tier loan to Yonkers Capital Fund, LLC. Thereafter, Yonkers Capital Fund, LLC will offer the lower tier loans it receives as a liquidating payment to the YEDC in satisfaction of its $10,598,000 loan from the YEDC.

The YEDC will then determine how to handle the lower tier loans but in all events will receive amounts sufficient to repay its $2,629,000 loan from Hudson Valley Bank. This conduit activity was a critical path activity in bringing this public access parking to this Urban Renewal Area of the City where limited public funding needed to be aggregated to induce private parties to provide the balance of capital needed to construct and operate a public access parking garage.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
September 30, 2015

O'CONNOR DAVIES

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Independent Accountants' Report on Compliance with Section 2925(3)(1) of the New York State Public Authorities Law

The Board of Directors of the Yonkers Community Development Agency

We have examined the Yonkers Community Development Agency's ("Agency") compliance with Section 2925(3)(1) of the New York State Public Authorities Law during the year ended June 30, 2015. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining on a test basis evidence supporting the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2015.

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
September 30, 2015

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