GREATER LOCKPORT DEVELOPMENT CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

GREATER LOCKPORT DEVELOPMENT CORPORATION

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December 31, 2018

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Greater Lockport Development Corporation

We have audited the accompanying consolidated balance sheets of Greater Lockport Development Corporation (the Corporation), a nonprofit organization, as of December 31, 2018 and 2017, and the related consolidated statements of activities, expenses by nature and function, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Corporation as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Additional Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2019 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Lumsden & McCormick, LLP

March 21, 2019

Consolidated Balance Sheets

December 31,		2018		2017
Assets				
Cash	$	**725,210**	$	1,121,742
Grants, interest, and other receivables		**306,232**		166,938
Prepaid expenses and other		**31,977**		29,640
Loan receivable (Note 2)		**26,788**		50,236
Property, net (Note 3)		**5,655,688**		5,396,714
	$	**6,745,895**	$	6,765,270
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$	**27,179**	$	84,877
Deferred revenue		**160,000**		23,450
Security deposits		**63,726**		64,536
Long-term debt (Note 4)		**3,644,582**		3,782,860
		3,895,487		3,955,723
Net assets:				
With donor restrictions		**20,000**		34,000
Without donor restrictions		**2,830,408**		2,775,547
		2,850,408		2,809,547
	$	**6,745,895**	$	6,765,270

See accompanying notes.

GREATER LOCKPORT DEVELOPMENT CORPORATION

Consolidated Statements of Activities

For the years ended December 31,	2018	2017
Changes in net assets without donor restrictions:		
Revenues and other support:		
Rental and occupancy income	$ 886,091	$ 843,294
Grants	563,792	313,858
Interest from loans	1,994	5,411
Other income and fees	64,501	51,914
Net assets released from restrictions	14,000	15,000
Total revenues and other support	1,530,378	1,229,477
Expenses:		
Program:		
Economic development and revitalization	400,980	301,485
Rental operations	933,612	853,412
General and administrative	140,925	119,840
Total expenses	1,475,517	1,274,737
Change in net assets without donor restrictions	54,861	(45,260)
Changes in net assets with donor restrictions:		
Contributions	-	34,000
Net assets released from restrictions	(14,000)	(15,000)
Change in net assets with donor restrictions	(14,000)	19,000
Change in net assets	40,861	(26,260)
Net assets - beginning	2,809,547	2,835,807
Net assets - ending	$ 2,850,408	$ 2,809,547

See accompanying notes.

GREATER LOCKPORT DEVELOPMENT CORPORATION

Consolidated Statement of Expenses by Nature and Function

For the year ended December 31, 2018

	Program Activities		Supporting Activities	
	Economic Development and Revitalization	Rental Operations	Management and General	Total
Employee wages and benefits	$ 52,192	$ 114,701	$ 5,799	$ 172,692
Grants	244,423	-	-	244,423
Property management	29,545	159,204	39,368	228,117
Repairs and maintenance	20,877	75,549	-	96,426
Property taxes	12,169	34,481	-	46,650
Insurance	-	36,442	4,885	41,327
Commissions	-	-	28,280	28,280
Professional fees	30,898	-	29,020	59,918
Marketing and advertising	-	-	21,632	21,632
Events	8,750	-	-	8,750
Office expense	-	-	6,284	6,284
Interest	-	144,771	-	144,771
Depreciation	2,000	367,196	-	369,196
Other expenses	126	1,268	5,657	7,051
	$ 400,980	**$ 933,612**	**$ 140,925**	**$ 1,475,517**

GREATER LOCKPORT DEVELOPMENT CORPORATION

Consolidated Statement of Expenses by Nature and Function

For the year ended December 31, 2017

	Program Activities		Supporting Activities	
	Economic Development and Revitalization	Rental Operations	Management and General	Total
Employee wages and benefits	$ 53,941	$ 79,608	$ 5,994	$ 139,543
Grants	147,384	-	-	147,384
Property management	24,953	149,315	37,509	211,777
Repairs and maintenance	21,719	35,524	-	57,243
Property taxes	11,957	28,698	-	40,655
Insurance	-	47,387	3,079	50,466
Commissions	-	-	26,421	26,421
Professional fees	22,362	-	21,951	44,313
Marketing and advertising	-	-	9,764	9,764
Events	3,227	-	-	3,227
Office expense	-	-	4,200	4,200
Staff training	-	-	3,210	3,210
Interest	-	156,386	-	156,386
Depreciation	2,000	355,149	-	357,149
Bad debts	6,785	-	-	6,785
Other expenses	7,157	1,345	7,712	16,214
	$ 301,485	**$ 853,412**	**$ 119,840**	**$ 1,274,737**

GREATER LOCKPORT DEVELOPMENT CORPORATION

Consolidated Statements of Cash Flows

For the years ended December 31,		2018		2017
Operating activities:				
Change in net assets	**$**	**40,861**	$	(26,260)
Adjustments to reconcile change in net assets to net cash flows from operating activities:				
Depreciation		**369,196**		357,149
Allowance for doubtful loans		**-**		(5,715)
Changes in other assets and liabilities:				
Grants, interest, and other receivables		**(139,294)**		(9,528)
Prepaid expenses and other		**(2,337)**		(5,125)
Accounts payable and accrued expenses		**(57,698)**		53,669
Deferred revenue		**136,550**		23,450
Security deposits		**(810)**		3,038
Net operating activities		**346,468**		390,678
Investing activities:				
Property expenditures		**(628,170)**		(279,855)
Payments received on loan receivable		**23,448**		49,018
Net investing activities		**(604,722)**		(230,837)
Financing activities:				
Payments on long-term debt		**(138,278)**		(138,564)
Change in cash		**(396,532)**		21,277
Cash - beginning		**1,121,742**		1,100,465
Cash - ending	**$**	**725,210**	$	1,121,742

1. Summary of Significant Accounting Policies:

Organization

Greater Lockport Development Corporation (the Corporation) is a not-for-profit organization and the financial statements include its related but separate entities, 210 Walnut Street, LLC (210 Walnut) and Lockport Locks Heritage District Corporation (Lockport Locks). The Corporation is the sole member of 210 Walnut, which was formed to own and manage industrial rental property acquired by the Corporation through foreclosure proceedings. Lockport Locks is a not-for-profit entity established to attract investment and stimulate the economic revitalization of Lockport's Erie Canal Corridor.

The principal purpose is to aid the efforts of the Economic Development Program of the City of Lockport, New York (the City). The Corporation administers loan programs to create favorable conditions for City enterprises to expand or locate businesses engaged in the manufacturing, assembling, wholesaling, or retailing of goods or services. Further, it provides for the financing of capital improvements, equipment, or working capital, where such financing will assist in creating employment opportunities for persons of low and moderate income or assist in the elimination of slums and/or blight in the City.

The Corporation's funding was established through grants awarded by the United States Department of Housing and Urban Development (HUD), Urban Development Action Grant (UDAG), and Community Development Block Grant for Small Cities (CDBG) programs. The Corporation has the right to re-use principal repayments and interest income for the furtherance of its mission.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Corporation, 210 Walnut, and Lockport Locks. All significant inter-entity accounts and transactions have been eliminated.

Net Assets with Donor Restrictions

In accordance with generally accepted accounting principles, the Corporation is required to report information regarding financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets with donor restrictions are those whose use has been limited by donors to a specific purpose. At December 31, 2018 and 2017, amounts arose from prior contributions restricted for property and equipment acquisitions.

Cash

Custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned to it. At December 31, 2018 and 2017, the Corporation's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging bank's agent in the Corporation's name.

Loans Receivable

Loans receivable are stated at the principal amount outstanding, net of an allowance for doubtful loans that includes loan forgiveness. The allowance method is used to compute the provision for doubtful loans.

The determination of the balance of the allowance for doubtful loans is based on an analysis of the loan portfolio and reflects an amount that, in management's judgment, is adequate to provide for potential loan losses after evaluating current economic conditions, historical collections, current collection efforts, and the financial condition of each loan recipient. Loans are charged off when, in management's judgment, no legal recourse is available to collect the amount owed.

Interest on loans receivable is accrued as required by the terms of the agreement; management considers that collection is probable based on the current economic condition of the borrower. Interest accrual stops when a loan becomes more than three months past due and does not commence again until the loan is current.

Grants

The entities periodically receive grants from State and local governments. To the extent expenditures have been incurred, grant revenue and a corresponding receivable are recognized. Amounts received but not yet earned are reported as deferred revenue.

Included in grant expense for the year ended December 31, 2018 is $97,000 of forgivable loans issued during the year. These loans are forgiven generally based on the business' length of operations in Lockport. Management expects all of these loans to be forgiven, or in the circumstances where repayment would be necessary, the loan would be fully reserved.

Loan Repayments

CDBG loan repayments (including interest thereon) are classified as income that is no longer restricted for program purposes and, accordingly, can be used by the Corporation to finance other eligible activities.

Functional Expense Allocation

The Corporation's cost of providing its services have been summarized on a functional basis in the accompanying Consolidated Statements of Expenses by Nature and Function. Accordingly, a majority of costs are specifically identified and charged to the function to which they benefit with the remaining costs allocated based on employee time and effort.

Property

Property is stated at cost or fair value at date of donation, net of accumulated depreciation. Depreciation is computed by the straight-line method over estimated service lives. Maintenance and repairs are charged to operations as incurred; significant improvements are capitalized.

Certain property is known to contain asbestos. The Corporation is legally obligated to remediate the asbestos upon the related assets' retirement or disposal. The fair value of the liability cannot currently be estimated with reasonable certainty. Additionally, the property is expected to be maintained through repair and maintenance activities that would not involve the removal of the asbestos. The need for major renovations caused by technology changes, operational changes, or other factors has not been identified.

Use of Estimates

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Taxes

The Corporation and Lockport Locks are 501(c)(3) organizations exempt from Federal income taxes under §501(a) of the Internal Revenue Code. 210 Walnut is organized as a limited liability corporation, with flow-through characteristics to the Corporation, its sole member.

Contributions

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions whose stipulated purpose restriction is accomplished in the same reporting period as received are reported as an increase in net assets without donor restrictions.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 21, 2019, the date the financial statements were available to be issued.

Reclassifications

The 2017 financial statements have been reclassified to conform with the presentation adopted for 2018.

2. Loans Receivable:

Loans are granted directly by the Corporation to local businesses to facilitate economic development in the City. Currently, one loan is outstanding and totaled $26,788 and $50,236 at December 31, 2018 and 2017. The loan bears interest at 5% with monthly principal and interest payments due. Interest on loans receivable is accrued as required by the terms of the agreements; management considers that collection is probable based on the current economic condition of the borrowers.

3. Property:

	2018	2017
Buildings and improvements	**$ 7,808,918**	$7,180,748
Less accumulated depreciation	**2,153,230**	1,784,034
	$ 5,655,688	$5,396,714

Buildings and improvements include a building and equipment that are not depreciated, purchased in 2014 as a result of foreclosure proceedings and held for sale. The amount is presented at estimated fair value at the acquisition date plus additions, which together totaled $239,341 and $196,629 at December 31, 2018 and 2017, respectively. Subsequent to December 31, 2018, the Corporation accepted an offer by a third-party to purchase the building and related equipment. In 2018, the Corporation purchased another property for $104,298 which it also intends to renovate and sell.

4. Long-Term Debt:

	2018	2017
210 Walnut bank term loan with monthly payments of $21,334 including interest at 4.01% through October 2021, interest adjusted at the discretion of the lender thereafter, balloon payment of $2,114,488 due November 2026, guaranteed by the Corporation.	**$ 3,242,891**	$ 3,364,394
210 Walnut term loan through Niagara Economic Development Fund with monthly payments of $2,254 including interest at 2.5% through October 2026 with final balloon payment of $256,977 due November 2026, secured by a second security interest in 210 Walnut's assets.	**401,691**	418,466
	$ 3,644,582	$ 3,782,860

The bank loan agreement requires compliance with certain covenants.

Aggregate maturities of long-term debt subsequent to December 31, 2018 are:

2019	$ 131,690
2020	148,548
2021	154,774
2022	160,894
2023	167,260
Thereafter	2,881,416
	$ 3,644,582

5. Rental Income:

210 Walnut leases space, with a carrying value of $5,150,000, to various companies under the terms of non-cancellable operating leases. Rental income for 2018 and 2017, including month-to-month leases, was $886,091 and $843,294. Future minimum rental payments to be received subsequent to December 31, 2018 are:

2019	$ 656,028
2020	574,707
2021	534,213
2022	477,348
2023	274,000
	$ 2,516,296

6. Cash Flows Information:

Cash flows from operating activities reflect cash payments for interest of $144,771 in 2018 and $156,386 in 2017.

7. Liquidity:

The Corporation obtains financial assets generally through government grants and rental income. The financial assets are acquired throughout the year to meet the Corporation's cash needs for general expenditures.

The Corporation's financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consist essentially of the following at December 31, 2018:

Cash	**$ 725,210**
Grants, interest, and other receivables	**306,232**
Loan receivable	**26,788**
	$ 1,058,230

8. Subsequent Event:

In January 2019, the Corporation obtained available bank financing up to $200,000. The Corporation has not yet borrowed funds under this agreement. The financing is subject to the usual terms and conditions applied by the bank for working capital financing and is regularly reviewed and renewed.

GREATER LOCKPORT DEVELOPMENT CORPORATION

Additional Information
Consolidating Balance Sheet

December 31, 2018

	GLDC	210 Walnut	Lockport Locks	Eliminations	Consolidated
Assets					
Cash	$ 320,945	$ 216,485	$ 187,780	$ -	**$ 725,210**
Grants, interest, and other receivables	463,489	142,144	4,000	(303,401)	**306,232**
Prepaid expenses and other	10,187	19,918	1,872	-	**31,977**
Loan receivable	723,788	-	-	(697,000)	**26,788**
Property, net	343,639	5,150,049	162,000	-	**5,655,688**
	$ 1,862,048	$ 5,528,596	$ 355,652	$ (1,000,401)	**$ 6,745,895**
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 143,659	$ 180,706	$ 6,215	$ (303,401)	**$ 27,179**
Deferred revenue	-	-	160,000	-	**160,000**
Security deposits	-	63,726	-	-	**63,726**
Long-term debt	-	4,331,582	10,000	(697,000)	**3,644,582**
	143,659	4,576,014	176,215	(1,000,401)	**3,895,487**
Net assets:					
With donor restrictions	-	-	20,000	-	**20,000**
Without donor restrictions	1,718,389	952,582	159,437	-	**2,830,408**
	1,718,389	952,582	179,437	-	**2,850,408**
	$ 1,862,048	$ 5,528,596	$ 355,652	$ (1,000,401)	**$ 6,745,895**

GREATER LOCKPORT DEVELOPMENT CORPORATION

Additional Information
Consolidating Statement of Activities

For the year ended December 31, 2018

	GLDC	210 Walnut	Lockport Locks	Eliminations	Consolidated
Changes in net assets without donor restrictions:					
Revenues and other support:					
Rental and occupancy income	$ -	$ 886,091	$ -	$ -	**$ 886,091**
Grants	349,342	180,472	214,450	(180,472)	**563,792**
Interest from loans	29,874	-	-	(27,880)	**1,994**
Other income and fees	782	15,205	48,514	-	**64,501**
Net assets released from restrictions	-	-	14,000	-	**14,000**
Total revenues and other support	379,998	1,081,768	276,964	(208,352)	**1,530,378**
Expenses:					
Program:					
Economic development and revitalization	429,526	-	152,326	(180,872)	**400,980**
Rental operations	-	961,092	-	(27,480)	**933,612**
General and administrative	57,006	70,742	13,177	-	**140,925**
Total expenses	486,532	1,031,834	165,503	(208,352)	**1,475,517**
Change in net assets without donor restrictions	(106,534)	49,934	111,461	-	**54,861**
Change in net assets with donor restrictions:					
Net assets released from restrictions	-	-	(14,000)	-	**(14,000)**
Change in net assets	(106,534)	49,934	97,461	-	**40,861**
Net assets - beginning	1,824,923	902,648	81,976	-	**2,809,547**
Net assets - ending	$ 1,718,389	$ 952,582	$ 179,437	$ -	**$ 2,850,408**

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INDEPENDENT AUDITORS' 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 Board of Directors
Greater Lockport Development Corporation

We have audited, in accordance with the 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 consolidated balance sheet of Greater Lockport Development Corporation (the Corporation), a nonprofit organization, as of December 31, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, as described below, that we consider to be a significant deficiency.

<u>Segregation of Duties</u>

Because of the small number of staff at the Corporation, it is difficult to achieve an ideal segregation of duties. The risk that material errors, whether intentional or unintentional, may occur and go undetected is inherent given the small staff size.

We encourage the Board to remain committed to its involvement in the financial operations of the Corporation by thoroughly reviewing monthly financial data, requesting support for all payments when checks are signed, asking questions about unusual transactions, reviewing monthly reconciliations for all major balance sheet accounts, and routing the monthly statements for all bank accounts to the Board Treasurer for review before giving them to the person responsible for the reconciliation process.

Management's Response: The Board will continue to provide oversight and review and approve financial activity to mitigate some of the risk of having a small staff.

The Corporation's Response to Findings

The Corporation's response to the finding identified in our audit as included above was not subject to the auditing procedures applied in the audit of the financial statements. and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

March 21, 2019

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

The Board of Directors
Greater Lockport Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Greater Lockport Development Corporation (the Corporation), a nonprofit organization, as of December 31, 2018, and the related consolidated statements of activities, expenses by nature and function, and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated March 21, 2019.

In connection with our audit, nothing came to our attention that caused us to believe that the Corporation failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2018. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Corporation's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

March 21, 2019