

Toski, Schaefer & Co. P.C.

June 3, 2010

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**Warren County  
Local Development Corporation**

Warren County Municipal Center

1340 State Route 9

Lake George, NY 12845

June 3, 2010

Toski, Schaefer & Co. P.C.  
Certified Public Accountants  
555 International Drive  
Williamsville, NY 14221

Gentlemen:

We are providing this letter in connection with your audit of the statement of financial position of Warren County Local Development Corporation (the "Corporation") as of December 31, 2009 and the related statement of activities, functional expenses and cash flow for the year then ended for the purposes of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, activities, and cash flows of the Corporation, in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, activities, functional expenses, and cash flows in conformity with generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief as of June 3, 2010, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all assets and liabilities under the Corporation's control.
2. We have made available to you all –
  - a. Financial records and related data.
  - b. Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards.
5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
6. We have no knowledge of any fraud or suspected fraud affecting the Corporation involving;
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
7. We have no knowledge of any allegations, or fraud, or suspected fraud affecting the Corporation received in communication from employees, former employees, grantors, regulators, or others.
8. The Corporation has no plans or intentions that may materially affect the carrying value or classifications of assets and liabilities or net asset balances.
9. The following, if any, have been properly recorded or disclosed in the financial statements;
  - a. Related party transactions, including revenues, expenses, loans, transfers, leasing agreements, and guarantees, and amounts receivable from or payable to related parties.
  - b. Guarantees, whether written or oral, under which the Corporation is contingently liable.
  - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.

10. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the organization vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
11. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreement(s) applicable to us; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreement(s) that we believe have a direct and material effect on the determination of financial statement amounts.
12. Warren County Local Development Corporation is an exempt organization under Section 501 (c) (4) of the Internal Revenue Code. Any activities, of which we are aware that would jeopardize the Corporation's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
13. There are no –
  - a. Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with *Statement of Financial Accounting Standards No. 5, Accounting for Contingencies*.
  - c. Other liabilities, gains, or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
  - d. Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
14. The Corporation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor have any assets been pledged.
15. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes

complying with donor requirement to maintain a specific asset composition necessary to satisfy their restrictions.

16. As part of your audit, you prepared the draft of financial statements and related notes (and any schedules) and schedule of expenditures of federal awards. We have designated a competent management-level individual to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes (and any schedules) and schedule of expenditures of federal awards.
17. In regards to tax preparation services performed by you, we have;
  - a. Made all management decisions and performed all management functions.
  - b. Designated a management-level individual with suitable skill, knowledge, or experience to oversee the services.
  - c. Evaluated the adequacy and results of the services performed.
  - d. Accepted responsibility for the results of the services.
  - e. Established and maintained internal controls, including monitoring ongoing activities.
18. With respect to federal award programs:
  - a. We are responsible for complying and have complied with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
  - b. We have, in accordance with OMB Circular A-133, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
  - c. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grants related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations and the provisions of contract and grant agreements that are considered to have a direct and material effect on each federal program.

- d. We are responsible for establishing and maintaining effective internal control over compliance requirements applicable to federal programs that provide reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in the internal control system to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to reportable conditions reported in the schedule of findings and questioned costs.
- e. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass through entities relating to each major federal program.
- f. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- g. We have complied, in all material respects, with the compliance requirements, including when applicable, those set forth in the OMB Circular A-133, "Compliance Supplement," relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews.
- h. Amounts claimed or used for matching was determined in accordance with relevant guidelines in OMB Circular A-122, "Cost Principles for Nonprofit Organizations," and Subpart C, "Cost Sharing and Matching," of OMB Circular A-110, "Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations."
- i. We have disclosed to you our interpretation of compliance requirements that have varying interpretations, if any.
- j. We have charged costs to federal awards in accordance with applicable cost principles.
- k. We have made available to you all documentation related to the compliance requirements, including information related to a federal program financial reports and claims for advances and reimbursements.
- l. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the schedule of expenditures of federal awards.

- m. The copies of federal programs financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
  - n. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular-133, and we have provided you with all information on the status of the follow-up on prior audit findings by Federal awarding agencies and pass-through entities, including all management decisions.
  - o. We have disclosed to you all contracts or other agreements with our service organizations, and we have disclosed to you all communications from the service organizations relating to non-compliance at the service organizations.
19. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective actions taken to address significant findings and recommendations.

To the best of our knowledge and belief, no events, including instances of non-compliance, have occurred subsequently to the statement of a financial position date and through the date of this letter that would require adjustments to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

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Jamie Y. White, Executive Director