

TOSKI, SCHAEFER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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May 28, 2010

CONFIDENTIAL

The Board of Directors
Warren County Local Development Corporation
1340 State Route 9
Lake George, New York 12845

Dear Board Members:

We have completed our audit of the financial statements of Warren County Local Development Corporation (the Corporation) for the year ended December 31, 2009. Considering the test character of our audit, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against irregularities which a test examination may not disclose. We now present for your consideration our comments and recommendations based upon observations made during our audit.

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

Borrower Status Reports

As required by the loan agreement, the borrower is responsible to report certain information to the Corporation every six months. None of the borrowers we tested complied with this requirement. However, the Executive Director of the Corporation is in regular communication with each borrower through site visits and telephone calls. We recommend that a written summary of these communications be prepared by the Executive Director, forwarded to the borrower for signature, and filed with the loan documentation. In addition, we recommend that the borrower provide annual financial information, such as tax return or a financial statement.

Loan Documentation

We noted that the loan documentation did not change if the legal business name of the borrower was changed. We recommend that the loan documentation maintained by the Corporation reflect the most recent legal business entity name for each borrower.

Accounting Policies and Procedures Manual

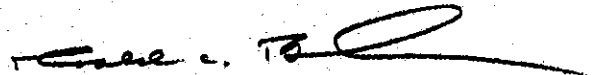
We recommend that the Corporation develop an accounting policies and procedures manual. An accounting policies and procedures manual should include, among other things, an up-to-date chart of accounts, adequate explanation of account content and appropriate descriptions of all accounting procedures and routines. The manual should also include the Corporation's purchasing policies and procedures. Any changes in the system or procedures should require a written revision of the accounting manual and would be subject to approval of management. Such a system would assist management in their responsibility to monitor the system of internal control. All accounting personnel should have a thorough working knowledge of the manual.

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We wish to take this opportunity to express our appreciation for the courtesy and cooperation extended to us by the personnel of Warren County Local Development Corporation during our audit. At your convenience, we would be pleased to discuss the matters contained in this letter or any other matters you deem important.

Very truly yours,

TOSKI, SCHAEFER & CO., P.C.



Ronald C. Toski, CPA
Managing Director