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MEMBERS OF:
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NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

February 14, 2015

To the Board of Directors
Saratoga County Capital Resource Corporation

We have audited the financial statements of Saratoga County Capital Resource Corporation for the years ended December 31, 2014, and have issued our report thereon dated February 14, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 1, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Saratoga County Capital Resource Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosures affecting the financial statements.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audits.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We proposed no adjustments to the financial statements and had no passed adjustments.

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 14, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparation it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and

reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Saratoga County Capital Resource Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Cusack & Company, CPAs LLC

CUSACK & COMPANY CPA'S, LLC

SARATOGA COUNTY CAPITAL RESOURCE CORPORATION

FINANCIAL REPORT

DECEMBER 31, 2014

SARATOGA COUNTY CAPITAL RESOURCE CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Saratoga County Capital Resource Corporation
Saratoga, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Saratoga County Capital Resources Corporation ("SCCRC") (a non-profit corporation) which comprise the statements of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 entity'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 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 financial statements.

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

Opinion

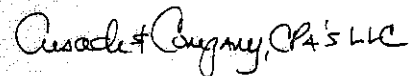
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SCCRC as of December 31, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of indebtedness on page 8 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 February 14, 2015 on our consideration of the SCCRC'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 SCCRC's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
February 14, 2015

SARATOGA COUNTY CAPITAL RESOURCE CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Assets		
Cash	\$ <u>326,937</u>	\$ <u>122,439</u>
	<u>\$ 326,937</u>	<u>\$ 122,439</u>

LIABILITIES AND NET ASSETS

Accrued Expense	\$ -	\$ 6,300
Unrestricted Net Assets	<u>326,937</u>	<u>116,139</u>
	<u>\$ 326,937</u>	<u>\$ 122,439</u>

SARATOGA COUNTY CAPITAL RESOURCE CORPORATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Revenues:		
Administrative Fees	\$ 296,438	\$ 132,075
Interest	165	62
Total Revenues	<u>296,603</u>	<u>132,137</u>
Expenses:		
Project Expense	50,000	-
Contracted Services	32,068	13,750
Insurance	2,209	2,194
Office Expenses	1,528	54
Total Expenses	<u>85,805</u>	<u>15,998</u>
Change in Net Assets	210,798	116,139
Net Assets, Beginning of Year	<u>116,139</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 326,937</u>	<u>\$ 116,139</u>

SARATOGA COUNTY CAPITAL RESOURCE CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows Provided By Operating Activities:		
Change in Net Assets	\$ 210,798	\$ 116,139
Increase in Accrued Expenses	<u>(6,300)</u>	<u>6,300</u>
Net Increase in Cash	204,498	122,439
Cash, Beginning of Year	<u>122,439</u>	<u>-</u>
Cash, End of Year	<u>\$ 326,937</u>	<u>\$ 122,439</u>

SARATOGA COUNTY CAPITAL RESOURCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Saratoga County Capital Resource Corporation ("SCCRC") was formed in August 2010 as a not-for-profit local development corporation. SCCRC is a public instrumentality of, but separate and apart from, Saratoga County (the "County"), governed by three to seven directors appointed by the governing body of the County. SCCRC's purpose is to promote community and economic development and the creation and maintenance of job opportunities in the County by developing and providing programs for non-profit and commercial organizations to access low interest tax-exempt and non-tax-exempt financing.

Basis of Accounting and Reporting

The financial statements of the SCCRC have been prepared on the accrual basis. Net assets of the SCCRC and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Any limitations placed on the use of a contribution that are no more specific than the broad limits of the SCCRC's purpose or mission are reported as unrestricted.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the SCCRC and/or the passage of time. The SCCRC had no temporarily restricted net assets as of December 31, 2014.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the SCCRC. Generally, the donors of these assets permit the SCCRC to use all or part of the income earned on related investments for general or specific purposes. The SCCRC had no permanently restricted net assets as of December 31, 2014.

Cash

The Organization maintains cash in one bank. These balances were fully insured by the Federal Deposit Insurance Corporation and collateralized as of December 31, 2014.

Industrial Revenue Bonds and Note Transactions

Certain industrial development revenue bonds and notes issued by the SCCRC are secured by property which is leased to companies and is retired by these payments. The bonds and notes are not obligations of the SCCRC. The SCCRC does not record the assets or liabilities resulting from completed bonds and notes issued in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the SCCRC receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

SARATOGA COUNTY CAPITAL RESOURCE CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Industrial Revenue Bonds and Note Transactions (Continued)

At December 31, 2014, the original issue value of bonds aggregated \$22,430,000 and the outstanding balance was \$79,465,000.

Income Taxes

SCCRC is an affiliate of a governmental unit and as such is exempt from Federal income taxes pursuant to §501(a) of the code and is not required to file annual information returns on Form 990.

Fair Value

The Accounting Standards Codification requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that the SCCRC would receive upon selling an asset or be paid to transfer a liability in an orderly transaction between market participants. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The carrying value of cash approximates fair value by its very nature.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through February 14, 2015, the date the financial statements were available to be issued. No such events or transactions were identified.

SUPPLEMENTAL INFORMATION

SARATOGA COUNTY CAPITAL RESOURCE CORPORATION
 SCHEDULE OF INDEBTEDNESS
 FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Project Description</u>	<u>Original Issue Date</u>	<u>Outstanding January 1, 2014</u>	<u>Issued During 2014</u>	<u>Principal Payments 2014</u>	<u>Outstanding December 31, 2014</u>	<u>Final Maturity Date</u>
Saratoga Hospital	2013	\$ 21,865,000	\$ -	\$ 775,000	\$ 21,090,000	2028
Saratoga Hospital	2013	-	25,000,000	-	25,000,000	2040
Skidmore College - Series A	2014	-	10,595,000	-	10,595,000	2023
Skidmore College - Series B	2014	-	22,780,000	-	22,780,000	2033
		<u>21,865,000</u>	<u>\$ 58,375,000</u>	<u>\$ 775,000</u>	<u>\$ 79,465,000</u>	

See independent auditor's report.

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**INDEPENDENT AUDITOR'S 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***

Board of Directors
Saratoga County Capital Resource 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 financial statements of Saratoga County Capital Resource Corporation (SCCRC) as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered SCCRC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SCCRC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SCCRC's internal control over financial reporting.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SCCRC'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 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.

Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPA'S LLC

Latham, New York
February 14, 2015