



PATTISON, KOSKEY, HOWE & BUCCI

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Richard P. Koskey, CPA
Ned Howe, CPA
A. Michael Bucci, CPA
Bradley Cummings, CPA, CVA
Suzanne E. Muldoon, CPA
Nancy K. Patzwahl, CPA
Matthew H. VanDerbeck, CPA
Gary F. Newkirk, CPA
N. Thérèse Wolfe, CPA
Mary A. Kimball, CPA

Reginald H. Pattison, CPA (1910-2002)
Jon Rath, CPA (Retired)

Jean Howe Lossi, EA
Carol LaMont Howe, EA
Dennis A. O'Brien, CPA

March 30, 2016

To the Board of Directors of
Ulster County Economic Development Alliance, Inc.

We have audited the financial statements of Ulster County Economic Development Alliance, Inc. as of and for the year ended December 31, 2015, and have issued our report thereon dated March 30, 2016. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 18, 2015, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Ulster County Economic Development Alliance, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

502 Union Street
Hudson, NY 12534
Tel: 518-828-1565
Fax: 518-828-2672

45 Five Mile Woods Road, Ste 1
Catskill, NY 12414
Phone: 518-943-4502
Fax: 518-943-6532

2880 Route 9, Ste 2
Valatie, NY 12184
Tel: 518-758-6776
Fax: 518-758-6779

340 Main Street
Saugerties, NY 12477
Tel: 845-246-3803
Fax: 845-246-1035

465 Washington Ave.
Kingston, NY 12401
Tel: 845-331-5030
Fax: 845-331-0242

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

Non-attest services we performed included: 1) preparation of the Alliance's financial statements, 2) proposing audit adjustments, 3) review of the Alliance's annual PARIS report, and 4) preparation of the Alliance's Federal Form 990 and NYS CHAR 500. CJ Rioux, CPA was the management representative responsible for overseeing our non-attest services.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Ulster County Economic Development Alliance, Inc. is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is the allowance for loan losses.

Management's estimate of the allowance for loan losses is based on an analysis of loan balances at year end taking into consideration the current outstanding balance, history of payments and strength of the borrower's financial operations. A specific reserve was calculated using this methodology. We evaluated the key factors and assumptions used to develop the allowance for loan losses and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Ulster County Economic Development Alliance, Inc.'s financial statements relate to: loan loss, debt, unearned revenue, related parties, restricted net position, and commitments and contingencies.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or

disclosures, and the financial statements as a whole. We proposed one adjustment for \$840 of unaccrued interest on the USDA note payable that was not recorded. The uncorrected financial statement misstatement whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- Record \$20,000 advance related to the Ellenville Million project (Hunt Memorial Building) that had been expensed and defer \$20,000 of grant revenue that had been recognized as income during 2015.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Ulster County Economic Development Alliance, Inc.'s financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in a letter dated March 30, 2016.

Management's Consultations with Other Accountants

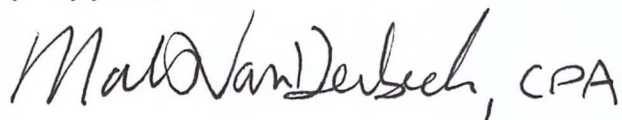
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Ulster County Economic Development Alliance, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Ulster County Economic Development Alliance, Inc.'s auditors.

This report is intended solely for the information and use of the audit committee, and management of Ulster County Economic Development Alliance, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



PATTISON, KOSKEY, HOWE AND BUCCI, CPAs, P.C.