



Nugent & Haeussler, P.C.

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March 15, 2010

To the Members of the Board of Directors for
Orange County Industrial Development Agency

We have audited the financial statements of the governmental activities and the aggregate discretely presented component units of the Orange County Industrial Development Agency for the year ended December 31, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Orange County Industrial Development Agency 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 2009. We noted no transactions entered into by the governmental unit 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 financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Orange County Industrial Development Agency's financial statements was:

Management's estimate of the depreciation expense is based on the straight line method of depreciation. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management: See attached schedule.

Disagreements with Management

For purposes of this letter, professional standards define 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 March 15, 2010.

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 governmental unit'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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of board of directors and management of Orange County Industrial Development Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


Nugent & Haeussler, P.C.
Nugent & Haeussler, P.C.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
ADJUSTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

JOURNAL ENTRY NUMBER	DESCRIPTION	DEBIT	CREDIT
1	NOTE RECEIVABLE-BREONICS	258,083.02	
	ACCRUED INTEREST	14,239.80	
	PREPAID INSURANCE	39,950.16	
	PREPAID EXPENSES	750.00	
	INVESTMENT - OCCDC FUND 1	463,861.00	
	DEVELOPMENT COSTS	161,749.85	
	ACCRUED LIABILITIES		5,000.00
	ACCOUNTS PAYABLE		10,465.00
	NET ASSETS		923,168.83
	TO FIX OPENNING NET ASSETS		
2	ACCOUNTS PAYABLE	10,465.00	
	LEGAL FEES		10,465.00
	TO REVERSE ACCOUNTS PAYABLE FROM 12/31/08		
3	RECOVERY FROM SETTLEMENT	10,000.00	
	NOTE RECEIVABLE-BREONICS		10,000.00
	TO FIX MISPOSTING OF CASH RECEIPT FROM BREONICS		
4	ACCRUED LIABILITIES	5,000.00	
	COMMITTED FUNDS		5,000.00
	TO REVERSE ACCRUED LIABILITES FROM 12/31/08		
5	INTEREST INCOME	14,239.80	
	ACCRUED INTEREST		14,239.80
	TO REVERSE ACCRUED INTEREST FROM 12/31/08		
6	ACCRUED INTEREST	3,534.55	
	INTEREST INCOME		3,534.55
	TO RECORD ACCRUED INTEREST AT 12/31/09		

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
ADJUSTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

JOURNAL ENTRY NUMBER	DESCRIPTION	DEBIT	CREDIT
7	INSURANCE EXPENSE	39,950.16	
	PREPAID INSURANCE		39,950.16
	TO REVERSE PREPAID INSURANCE FROM 12/31/08		
8	PREPAID INSURANCE	2,834.48	
	INSURANCE EXPENSE		2,834.48
	TO RECORD PREPAID INSURANCE AT 12/31/09		
9	DUES	750.00	
	PREPAID EXPENSE		750.00
	TO REVERSE PREPAID EXPENSE FROM 12/31/08		
10	PREPAID EXPENSE	750.00	
	DUES		750.00
	TO RECORD PREPAID EXPENSE AT 12/31/09		
11	LEGAL	13,808.20	
	ACCOUNTS PAYABLE		13,808.20
	TO RECORD ACCOUNTS PAYABLE AT 12/31/09		
12	PAYROLL EXPENSE-OTHER	8,190.41	
	FICA EXPENSE	2.06	
	UNEMPLOYMENT INSURANCE	248.37	
	MTA TAX EXPENSE	87.29	
	NYS WITHHOLDING		1,911.06
	FICA EMPLOYEE		2,714.31
	FEDERAL WITHHOLDING		3,567.04
	SUTA PAYABLE		248.37
	MISCELLANEOUS EXPENSE		0.06
	MTA TAX PAYABLE		87.29
	TO FIX PAYROLL ACCOUNTS AT 12/31/09		
13	SECURITY DEPOSIT	5,000.00	
	RENT		5,000.00
	TO PAY PART OF SECURITY FOR DEPOSIT FOR O.C.B.A.		

ORANGE COUNTY BUSINESS ACCELERATOR
ADJUSTMENT
FOR THE YEAR ENDED DECEMBER 31, 2009

JOURNAL ENTRY NUMBER	DESCRIPTION	DEBIT	CREDIT
14	ACCOUNTS PAYABLE UNCATEGORIZED EXPENSE TO FIX MISPOSTING OF OPENNING DEPOSIT	100,000.00	100,000.00
15	SECURITY DEPOSIT RENT EXPENSE TO RECLASSIFY SECURITY DEPOSIT PAID TO FIRST COLUMBIA	9,647.50	9,647.50
16	EQUIPMENT FIX UP EXPENSE	68,408.82	68,408.82
17	DEPRECIATION EXPENSE ACCUMULATED DEPRECIATION TO RECORD DEPRECIATION EXPENSE	1,505.75	1,505.75
18	PREPAID EXPENSE SALARY - CLIENT SVCS SPECIALIST SALARY - MANAGING DIRECTOR TO RECORD PREPAID EXPENSE	3,577.77	1,090.91 2,486.86