

March 28, 2018

Mr. Stephen Griffin, Chief Executive Officer  
Yates County Capital Resource Corporation  
1 Keuka Business Park Suite 104  
Penn Yan, New York 14527

Dear Steve:

Local Development Corporations (LDCs) which are authorized under the Not-for-Profit Corporation Law fall under the Public Authorities Accountability Act's (PAAA) definition if they are affiliated with, sponsored by, or created by a municipal government.

One of the specific requirements of the Public Authorities Law (PAL) is Section 2925, subdivision 6 that indicates:

- "Each corporation shall annually prepare and approve an investment report which shall include the investment guidelines, as specified in subdivision three of this section, amendments to such guidelines since the last investment report, an explanation of the investment guidelines and amendments, the results of the annual independent audit, the investment income record of the corporation and a list of the total fees, commissions, or other charges paid to each investment banker, broker, dealer, agent, dealer and adviser rendering investment associated services to the corporation since the last investment report. Such investment report may be a part of any other annual report that the corporation is required to make."

In discussions with the ABO, they have indicated that the annual financial statement audit does not satisfy the requirement above. Furthermore, the requirement extends to not only investments in the conventional sense, but all funds available for deposit in the agency, except for traditional checking and savings type deposits, or trustee directed investments in association with bond issuances. Certificates of deposits would qualify as investments under the regulations.

The complexity of the audit is based primarily on the nature of the Agency's investments. Agencies with certificates of deposit or other non-complex investments may satisfy the requirements by having an agreed-upon procedures review of its investment policy performed to ensure that the agency is in compliance with said policy.

171 Sully's Trail, Suite 201  
Pittsford, New York 14534  
p (585) 381-1000  
f (585) 381-3131

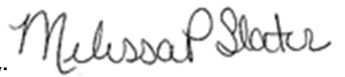
[www.bonadio.com](http://www.bonadio.com)

Since the Agency does not have investments that meet the criteria as defined above, there is no filing requirement for the year ending December 31, 2017.

We can assist you with the requirements of this legislation and provide the reports required to satisfy the objectives, going forward, as necessary.

Very truly yours,

Bonadio & Co., LLP

by:   
Melissa P. Slater, CPA  
Principal