

HUDSON VALLEY AGRI-BUSINESS
DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS
(and Reports of Independent Auditors)

December 31, 2018
(with memorandum totals for December 31, 2017)

HUDSON VALLEY AGRI-BUSINESS DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
December 31, 2018
(with memorandum totals for December 31, 2017)
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Hudson Valley Agri-business Development Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Hudson Valley Agri-business Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and by 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 audit to obtain reasonable assurance about whether the financial statements are free from 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.

Table with 6 columns of office addresses and contact information (Hudson, Catskill, Valatie, Saugerties, Kingston, Albany).

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 Hudson Valley Agri-business Development Corporation as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented.

Report on Summarized Comparative Information

We have previously audited Hudson Valley Agri-business Development Corporation's December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 23, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019 on our consideration of Hudson Valley Agri-business Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hudson Valley Agri-business Development Corporation's internal control over financial reporting and compliance.

Pattison, Koskey, Hawes Bucci, CPAs, P.C.

Hudson, New York

March 18, 2019

HUDSON VALLEY AGRI-BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
December 31, 2018
(with memorandum totals as of December 31, 2017)

ASSETS

	2018	2017 (memorandum only)
Current assets:		
Cash and cash equivalents	\$ 79,856	\$ 131,232
Accounts receivable	264,999	203,826
Prepaid expenses	3,008	3,755
Total current assets	347,863	338,813
Fixed assets, net	23,818	24,628
Total assets	\$ 371,681	\$ 363,441

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 36,130	\$ 14,918
Deferred revenue	11,275	9,450
Accrued payroll related liabilities	7,070	24,992
Total current liabilities	54,475	49,360
Net assets:		
Without donor restrictions	317,206	314,081
Total liabilities and net assets	\$ 371,681	\$ 363,441

See accompanying notes and independent auditors' report.

HUDSON VALLEY AGRI-BUSINESS DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2018

(with memorandum totals for the year ended December 31, 2017)

	2018	2017 (memorandum only)
Operating Activities:		
Regional county contracts	\$ 175,000	\$ 204,051
Hudson Mohawk RC&D grant	165,545	190,282
USDA grant	39,637	78,879
Consulting and grant writing income	168,009	18,452
Conference income	-	101,647
Other income	-	653
Total revenue and support	<u>548,191</u>	<u>593,964</u>
Expenses:		
Program	375,371	510,581
Management and general	128,728	73,445
Fundraising	40,984	-
Total Expenses	<u>545,083</u>	<u>584,026</u>
Change in net assets from operating activities	<u>3,108</u>	<u>9,938</u>
Non-Operating Activities:		
Interest income	<u>17</u>	<u>1</u>
Change in net assets from non-operating activities	<u>17</u>	<u>1</u>
Change in net assets	3,125	9,939
Net assets, beginning	<u>314,081</u>	<u>304,142</u>
Net assets, ending	<u>\$ 317,206</u>	<u>\$ 314,081</u>

See accompanying notes and independent auditors' report.

HUDSON VALLEY AGRI-BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2018
(with memorandum totals for the year ended December 31, 2017)

	2018						2017 (memorandum only)	
	Technical Assistance	Access to Capital	Food Security	Total Program	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 82,246	\$ 39,994	\$ 32,465	\$ 154,705	\$ 76,090	\$ 23,864	\$ 254,659	\$ 210,561
Payroll taxes	6,008	3,101	3,314	12,423	7,172	1,725	21,320	17,013
Pension plan contributions	3,585	1,926	321	5,832	2,676	1,124	9,632	9,350
Employee benefits	5,399	3,635	4,405	13,439	2,938	1,769	18,146	16,500
Accounting fees	-	-	-	-	9,625	-	9,625	9,789
Payroll processing fees	-	-	-	-	1,737	-	1,737	1,645
Consulting and grant writing	153,590	-	3,153	156,743	2,112	9,017	167,872	184,697
Advertising	2,638	-	-	2,638	5,043	-	7,681	16,150
Office expenses	4,895	2,526	2,700	10,121	5,842	1,405	17,368	13,953
Information technology	474	244	261	979	590	136	1,705	1,277
Occupancy	1,319	652	496	2,467	4,952	381	7,800	7,800
Travel	5,211	2,022	2,868	10,101	762	1,330	12,193	4,963
Conferences and meetings	2,835	575	295	3,705	-	-	3,705	75,935
Depreciation	813	420	448	1,681	971	233	2,885	3,115
Insurance	-	-	-	-	4,183	-	4,183	3,479
Miscellaneous	-	-	-	-	143	-	143	766
Dues and subscriptions	-	-	-	-	3,892	-	3,892	3,632
Bad debt	537	-	-	537	-	-	537	3,401
	<u>\$ 269,550</u>	<u>\$ 55,095</u>	<u>\$ 50,726</u>	<u>\$ 375,371</u>	<u>\$ 128,728</u>	<u>\$ 40,984</u>	<u>\$ 545,083</u>	<u>\$ 584,026</u>

See accompanying notes and independent auditors' report.

HUDSON VALLEY AGRI-BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
For the year ended December 31, 2018
(with memorandum totals for the year ended December 31, 2017)

	2018	2017 (memorandum only)
Cash flows from operating activities:		
Change in net assets	\$ 3,125	\$ 9,939
Adjustment to reconcile change in net assets to net cash from operating activities:		
Depreciation	2,885	3,115
Bad debt	537	3,401
(Increase) decrease in:		
Accounts receivable	(61,710)	22,526
Prepaid insurance	747	(585)
(Decrease) increase in:		
Accounts payable	21,212	8,859
Deferred revenue	1,825	(5,139)
Accrued payroll related liabilities	(17,922)	12,087
Total adjustments	(52,426)	44,264
Net cash (used for) provided by operating activities	(49,301)	54,203
Cash flows from investing activities:		
Receivable - investment in Ronnybrook lease	-	458
Acquisition of equipment	(2,075)	(930)
Net cash used for investing activities	(2,075)	(472)
Net (decrease) increase in cash and cash equivalents	(51,376)	53,731
Cash and cash equivalents, beginning of year	131,232	77,501
Cash and cash equivalents, end of year	\$ 79,856	\$ 131,232

See accompanying notes and independent auditors' report.

HUDSON VALLEY AGRI-BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

1. Nature of Operations:

The Hudson Valley Agri-business Development Corporation (the "Organization") was established to assist the Hudson Valley region's existing agricultural producers and processors to promote the expansion of existing farm production, and to promote the conservation and preservation of existing farm lands in the Hudson Valley of New York. The Organization has an office located in Hudson, New York.

The Organization operates the following programs:

Technical Assistance: The Organization's technical assistance programs include: Incubator Without Walls (IWW); Farm and Food Funding Accelerator (FFFA); and Hudson Valley Bounty (HVB). These programs are designed to provide analysis and start-up assistance for new ventures and enterprises; and to market expansion and improved distribution networks for existing agricultural and food businesses. The Organization provides the resources to access technical and professional service providers, project planning and development services, and funding and capital access and feasibility analysis. As needs emerge, the Organization also presents timely topic specific instruction such as its Food Labeling workshop, Making It Happen financial analysis sessions and Local Lamb Lessons series on starting a sheep business. These public programs are open to all interested parties.

Access to Capital: In 2018, the Organization was designated as one of eight third party lenders participating in the New York Job Development Authority's (JDA) Agriculture Loan Fund Program. With a focus on the Mid-Hudson and Capital regions, the Organization's loan program issues low interest loans between \$50,000 and \$200,000 to small agribusiness owners.

In addition to the loan opportunity, the Organization is partnering with the Hudson Mohawk Resource Conservation and Development Council, Inc. (HMRC&D) to administer the Grown & Certified (G&C) Producer grant program in the Capital District Region. The G&C producer grants will be awarded for capital projects that will enable qualified agricultural producers to meet food safety standards necessary for participation in the program. Eligible agricultural producers can apply for up to 90% of their total project cost, not to exceed \$50,000.

Food Security: The Organization is working on the issue of food security through the FeedHV program. FeedHV is a regional food rescue and gleaning network dedicated to meeting the needs of neighbors while mitigating food waste. Through a web-based and mobile application powered by ChowMatch, FeedHV links food donors of prepared but unserved food and fresh produce (including farms, restaurants, catering services, grocery stores, hospitals, universities and more) to nonprofit organizations with food assistance programs (such as food pantries, soup kitchens and shelters) and a network of volunteers who transport, glean and process donated food.

See independent auditors' report

HUDSON VALLEY AGRI-BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

2. Summary of Significant Accounting Policies:

Financial Statement Presentation:

The financial statements of Hudson Valley Agri-business Development Corporation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-For-Profit Entities" (the "Guide"). ASC 958-205 was effective January 1, 2018.

Under the provisions of the ASC, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Hudson Valley Agri-business Development Corporation and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Hudson Valley Agri-business Development Corporation or by the passage of time. Other donor-imposed restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Prior Year Amounts:

Amounts shown for December 31, 2017, in the accompanying statements are included to provide a basis for comparison with December 31, 2018, and present summarized totals only. Accordingly, the December 31, 2017 amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents:

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents is comprised of cash in a bank at December 31, 2018.

Fixed Assets:

Fixed assets are stated at cost. Expenditures for additions, improvements, and major renewals which extend the life of the asset are capitalized, whereas expenditures for maintenance and repairs are charged to operations when incurred. Gains and losses from sales or other dispositions of fixed assets are included in current operations.

See independent auditors' report.

HUDSON VALLEY AGRI-BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

2. Summary of Significant Accounting Policies (Continued):

Depreciation:

Depreciation is provided for using principally straight-line methods over the estimated useful lives of the respective assets.

Income Taxes:

Hudson Valley Agri-business Development Corporation qualifies as a tax-exempt corporation under Section 501(c)(6) of the Internal Revenue Code and, therefore, has no provision for federal or state income taxes.

The Corporation has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements, according to FASB ASC 740-10. Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred. The Corporation is no longer subject to examination by federal and state taxing authorities for years prior to the year ended December 31, 2015.

Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition:

Revenue is primarily generated from the following sources in the form of grants and contributions: county governments (generally enterprise funds whose purpose is economic development); government contracts such as the United States Department of Agriculture (USDA), New York State (NYS), Economic Development Administration (EDA), and Small Business Administration (SBA); and other similar sources.

County governments and/or county public authorities (i.e. enterprise funds) enter into agreements with the Corporation that cover a period of years. The agreements call for scheduled annual payments by the entities to the Corporation. In order for the Corporation to earn the annual funding commitment, the Corporation must demonstrate that a commensurate level of effort was incurred during the year to carry out objectives of the agreement. At the end of each annual period, the Corporation provides the necessary documentation to the entity, the entity is invoiced and revenue is recorded. At that time, the entity generally acknowledges the validity of the invoice and pays the Corporation. Periodically, the entities may advance funds prior to the achievement of program objectives. Funds received in advance are deferred until the program objectives have been met and the necessary expenses have been incurred. Any unspent funds from program objectives not being met could require the Corporation to remit some if not all of the advances back to the entity.

See independent auditors' report.

HUDSON VALLEY AGRI-BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

2. Summary of Significant Accounting Policies (Continued):

Revenue Recognition (continued):

Conditional promises to give from these entities are as follows as of December 31, 2018:

2019	\$	6,250
Total	\$	<u>6,250</u>

Government contracts are cost reimbursable. Therefore, in the period the related expenses are incurred the Organization will draw down the funds and recognize the related revenue.

Revenue is also generated from providing consulting services to organizations which is recognized in the period such services are performed.

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Concentrations of Credit and Market Risks:

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents and receivables. Cash and cash equivalents are maintained at high quality financial institutions and credit exposure is limited to any one institution. The Organization did not exceed the Federal Deposit Insurance Company (FDIC) limit as of December 31, 2018. The Organization has not experienced any losses with respect to its cash balances. Based upon assessment of the financial condition of these institutions, management believes that the risk of loss of any uninsured amounts is minimal.

Accounts receivable consist primarily of amounts due from local County public authorities. Management believes that the entire balance at December 31, 2018 is collectible and no allowance for doubtful accounts was required.

See independent auditors' report.

HUDSON VALLEY AGRI-BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

2. Summary of Significant Accounting Policies (Continued):

Functional Expenses:

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time and Effort
Payroll taxes and benefits	Time and Effort
Pension plan contributions	Time and Effort
Office expenses	Full Time Equivalent
Information technology	Full Time Equivalent
Occupancy	Square Footage
Travel	Time and Effort
Depreciation	Full Time Equivalent

Measure of Operations:

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Hudson Valley Agri-business Development Corporation's ongoing activities. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

New Accounting Pronouncement:

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Hudson Valley Agri-business Development Corporation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events:

Subsequent events have been evaluated through March 18, 2019 which is the date the financial statements were available to be issued. There were no material subsequent events that required adjustment or disclosure.

See independent auditors' report.

HUDSON VALLEY AGRI-BUSINESS DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018

3. Fixed Assets:

A summary of fixed assets is as follows as of December 31, 2018:

		<u>Useful Life</u>
Computers	\$ 12,122	5 years
Website	5,775	3 years
Equipment	19,300	n/a
Furniture	550	5 years
Accumulated depreciation	<u>(13,929)</u>	
	<u>\$ 23,818</u>	

Depreciation expense for the year ended December 31, 2018 was \$2,885.

In December 2013, the Organization purchased a component for a piece of equipment for \$19,300, which is part of a larger project to be completed in 2019 and will result in a sales-type lease upon completion of installation. The Organization was awarded a USDA grant to fund this project.

4. Lease Commitments:

The Organization leases office space in Hudson, New York. The Organization had a three-year agreement to make monthly payments of \$600 through May 2014 and renewed the lease for an additional three-year term with monthly payments of \$650. The lease expired in May 2017 and was not renewed. The Organization is currently leasing on a month to month basis. Rental expense for the year ended December 31, 2018 was \$7,800 and included as "occupancy" on the Statement of Functional Expenses.

5. Pension Plan:

The Organization has a simplified employee pension IRA (SEP IRA) pension plan. The Organization pays 5% of eligible employee's gross wages each year. For the year ended December 31, 2018, the Corporation recorded \$9,632 in pension expense which is included in "pension plan contributions" on the Statement of Functional Expenses.

6. Related Party:

The Organization's Executive Director is a council member of Hudson Mohawk Resource Conservation and Development Council, Inc. (Hudson Mohawk RC&D). The Organization received a grant from Hudson Mohawk RC&D of \$165,545 during the year ended December 31, 2018.

See independent auditors' report.

HUDSON VALLEY AGRI-BUSINESS DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

7. Liquidity:

Hudson Valley Agri-business Development Corporation's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 79,856
Accounts receivable	264,999
Prepaid expenses	<u>3,008</u>
	<u>\$ 347,863</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

See independent auditors' report.



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Jon Rath, CPA (Retired)

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Carol LaMont Howe, EA

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hudson Valley Agri-business Development Corporation:

We have audited 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, the financial statements of Hudson Valley Agri-business Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hudson Valley Agri-business Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hudson Valley Agri-business Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Hudson Valley Agri-business Development Corporation's internal control.

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.

1 Hudson City Centre, Ste 203 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	157 Stockade Dr. Kingston, NY 12401 Tel: 845-331-5030 Fax: 845-331-0242	418 Broadway Albany, NY 12207 Tel: 518-662-4288 Fax: 518-758-6779
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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hudson Valley Agri-business Development Corporation's financial statements are free from 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.

Pattison, Koskey, Hawes & Bucci, CPAs, P.C.

Hudson, New York
March 18, 2019