



March 29, 2013

Board of Directors  
Troy Capital Resource Corporation  
433 River Street  
Troy, New York 12180

Dear Members of the Board:

We are pleased to present this report related to our audit of the financial statements of the Troy Capital Resource Corporation (Corporation) for the year ended December 31, 2012. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Corporation's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Corporation.

Very truly yours,

BOLLAM, SHEEDY, TORANI & CO. LLP, CPAs

Paul L. Goetz, Partner

PLG/dmc

**TROY CAPITAL RESOURCE CORPORATION**

**COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE**  
**Year Ended December 31, 2012**

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

**Our Responsibilities and the Planned Scope and Timing of the Financial Statement Audit**

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated March 11, 2013.

**Accounting Practices**

**Preferability of Accounting Policies and Practices**

Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

**Adoption of, or Change in, Accounting Policies**

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. Following is a description of accounting standards the Corporation adopted during the year to comply with accounting principles generally accepted in the United States of America (U.S. GAAP):

Effective January 1, 2012, the Corporation adopted Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Effective January 1, 2012, the Corporation adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

There were no significant changes to the Corporation's financial statements as a result of adopting the aforementioned accounting standards.

**Significant or Unusual Transactions**

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

**Management's Judgments and Accounting Estimates**

No significant accounting estimates were used in formulating the December 31, 2012, financial statements.

**TROY CAPITAL RESOURCE CORPORATION**

**COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE  
Year Ended December 31, 2012**

**Audit Adjustments**

There were no audit adjustments made to the original trial balance presented to us.

**Uncorrected Misstatements**

There were no uncorrected misstatements noted during our audit of the financial statements.

**Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

**Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

**Significant Issues Discussed with Management**

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

**Significant Difficulties Encountered in Performing the Audit**

We did not encounter any significant difficulties in dealing with management during the audit.

**Significant Deficiencies and Material Weaknesses**

Significant deficiencies and material weaknesses, if any, are communicated in the schedule of findings and responses of the 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*.

**Significant Written Communications Between Management and Our Firm**

Copies of significant written communications between our firm and the management of the Corporation, including the representation letter provided to us by management, are attached as Exhibit A.

We will be pleased to respond to any questions you have about these matters. We appreciate the opportunity to be of continued service to you.

This letter is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

BOLLAM, SHEEDY, TORANI & CO. LLP, CPAS


Paul L. Goetz, Partner

**TROY CAPITAL RESOURCE CORPORATION**  
**CERTAIN WRITTEN COMMUNICATIONS BETWEEN**  
**MANAGEMENT AND OUR FIRM**  
**Year Ended December 31, 2012**

Representation Letter

CAPITAL RESOURCE CORPORATION  
TROY CITY HALL

March 29, 2013

Bollam, Sheedy, Torani & Co. LLP, CPAs  
26 Computer Drive West  
Albany, New York 12205

This representation letter is provided in connection with your audits of the financial statements of the Troy Capital Resource Corporation (Corporation), which comprise the statements of net position as of December 31, 2012 and 2011, and the related statements of revenues, expenses, and changes in net position and cash flows, and the related notes to the financial statements for the years then ended. We confirm that we are responsible for the fair presentation in the financial statements of net position, revenues, expenses, and changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of your independent auditor's report, the following representations made to you during your audits:

*Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated March 11, 2013, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

The Corporation's accounting principles and the practices and methods followed in applying them, are as disclosed in the financial statements, and there have been no changes during the years ended December 31, 2012 and 2011, in the Corporation's accounting principles and practices, except as noted herein.

2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

433 RIVER ST, SUITE 5001, TROY, NEW YORK

5. The following have been properly recorded and/or disclosed in the financial statements:
  - a. Related party transactions including those as defined in Section 2250 of Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, and/or interfund transactions including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, all of which have been recorded in accordance with the economic substance of the transactions.
  - b. Arrangements involving restrictions on cash balances.
  - c. Restrictions of net position.
  - d. Deposit disclosures required under Section C20: *Cash Deposits with Financial Institutions* of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

*Information Provided*

6. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audits.
  - c. Unrestricted access to persons within the Corporation from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the Corporation Governing Board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - e. All communications from grantors, lenders, other funding sources, or regulatory agencies concerning noncompliance with:
    - 1) Statutory, regulatory, or contractual provisions or requirements, and
    - 2) Financial reporting practices that could have a material effect on the financial statements.
7. We have identified for you all organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 GASB's Codification of Governmental Accounting and Financial Reporting Standards.
8. All transactions have been recorded in the accounting records and are reflected in the financial statements.
9. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
10. We have no knowledge of allegations of fraud or suspected fraud affecting the Corporation's financial statements involving:
  - a. Management.
  - b. Employees or volunteers who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.

11. We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation's financial statements received in communications from employees, former employees, or others.
12. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
13. We know of no violations of state or federal statutory or regulatory provisions, grants or other contractual provisions, or of provisions of local ordinances.
14. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with GASB Statement No. 62.
15. We have disclosed to you the identity of the Corporation's related parties and all the related-party relationships and transactions of which we are aware.
16. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Corporation's ability to record, process, summarize, and report financial data.
17. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
18. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private or to special assessment bond holders that is not disclosed in the financial statements.
19. We have no plans or intentions that may materially affect the carrying value or classification of assets.
20. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions and disclosure have been made to reduce receivables to their estimated net collectible amounts.
21. There are no:
  - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Corporation or any equivalent state agencies in connection with any environmental contamination.
  - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
  - d. Guarantees, whether written or oral, under which the Corporation is contingently liable.
  - e. Arrangements with financial institutions involving compensating balances, line-of-credit, or similar arrangements.
  - f. Agreements to repurchase assets previously sold.

- g. Security agreements in effect under the Uniform Commercial Code.
  - h. Liens or encumbrances on assets or revenues or any assets or revenues which are pledged as collateral for any liability or which are subordinated in any way.
  - i. Contractual obligations for plant construction or purchase of real property, equipment, other assets, or intangibles.
  - j. Liabilities which are subordinated in any way to actual or possible liabilities.
  - k. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
  - l. Debt issue provisions.
  - m. Leases or material amounts of rental obligations under long-term leases.
  - n. Concentration of credit risk.
  - o. Investment securities.
  - p. Authorized but unissued bonds or notes.
  - q. Risk financing activities.
  - r. Derivative financial instruments.
  - s. Obsolete, damaged, or excess inventories to be reduced to their estimated net realizable values.
  - t. Impairments of long-lived assets or other assets which have permanently declined in values that require adjustment to their realizable values.
  - u. Risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through December 31, 2012 and 2011, or for expected retroactive insurance premium adjustments applicable to periods through December 31, 2012 and 2011.
  - v. Pension obligations, post-retirement benefits other than pensions, or deferred compensation agreements attributable to employee services rendered through December 31, 2012 and 2011.
  - w. Material losses to be sustained in the fulfillment of or from the inability to fulfill any service commitment.
  - x. Material losses to be sustained as a result of purchase commitments.
  - y. Pollution remediation obligations as defined by Section P40 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.
  - z. Significant estimates or material concentrations known to management. Significant estimates are estimates at the statement of net position dates that could change materially in the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances the next year.
  - aa. Organizations for which the nature or significance of their relationship with the Corporation are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
22. The Corporation has satisfactory title to all owned assets.

23. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and OMB Circular No. A-133, because we have not received, expended, or otherwise been the beneficiary of any federal awards over \$500,000 during the periods of these audits.
24. With respect to the supplementary information presented in relation to the financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
25. We are responsible for determining that significant events or transactions that have occurred since the statement of net position date and through March \_\_\_\_, 2013, have been recognized or disclosed in the financial statements. No events or transactions have occurred subsequent to the statement of net position date and through March \_\_\_\_, 2013, that would require recognition or disclosure in the financial statements. We further represent that as of March \_\_\_\_, 2013, the financial statements were complete in a form and format that complied with U.S. GAAP, and all approvals necessary for issuance of the financial statements had been obtained.
26. Effective January 1, 2012, we adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.
- Effective January 1, 2012, we adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.
27. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

*Government Auditing Standards*

28. We are responsible for compliance with laws and regulations applicable to the Corporation, including the requirement of adopting, approving, and amending budgets.
29. We have identified and disclosed to you:
- a. All laws and regulations that have a direct and material effect on the determination of financial statement amounts or other financial data significant to audit objectives.
  - b. Violations and possible violations of laws, regulations, and provisions of contracts and other agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.

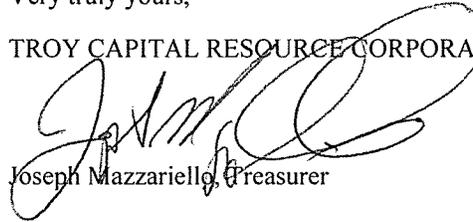
30. We have taken timely and appropriate action to evaluate and address fraud, illegal acts, violations of provisions of contracts or other agreements, or abuse that has been reported.

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31. We have implemented a process to track the status of audit findings and recommendations.
32. We have identified for you previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the correction action taken to address significant findings and recommendations.
33. We have provided you with our views on your reported findings, conclusions, and recommendations, as well as our planned correction actions for the report.
34. We have reviewed, approved, and take full responsibility for the financial statements, related notes, required supplementary information and supplementary information and acknowledge the auditor's role in the preparation of this information.
35. We have reviewed, approved, and take full responsibility for all accrual adjustments and acknowledge the auditor's role in the preparation of the adjustments.

Very truly yours,

TROY CAPITAL RESOURCE CORPORATION

A handwritten signature in black ink, appearing to read 'Joseph Mazzariello', is written over the printed name.

Joseph Mazzariello, Treasurer