NEW YORK CONVENTION CENTER
DEVELOPMENT CORPORATION

(A Subsidiary of New York State
Urban Development Corporation)

Financial Statements and
Independent Auditors' Report

March 31, 2015 and 2014

TOSKI & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

NEW YORK CONVENTION CENTER
DEVELOPMENT CORPORATION

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TOSKI & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
New York Convention Center
Development Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of New York Convention Center Development Corporation (the "Corporation") as of and for the years ended March 31, 2015 and 2014, and the related notes to financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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 audits. We conducted our audits 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. Those standards require that we plan and perform the audits 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 Corporation'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 Corporation'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.

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 net position of New York Convention Center Development Corporation as of March 31, 2015 and 2014, and the respective changes in net position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB") who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 12, 2015, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

In accordance with Government Auditing Standards, we have also issued our report dated June 12, 2015 on the Corporation's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. The purpose of that report is to provide an opinion as to the Corporation's compliance with investment guidelines contained therein. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 12, 2015

NEW YORK CONVENTION CENTER
DEVELOPMENT CORPORATION

Management's Discussion and Analysis

March 31, 2015 and 2014

Our discussion and analysis of New York Convention Center Development Corporation's ("NYCCDC" or the "Development Corp.") financial performance provides an overview of the Development Corp.'s financial activity for the fiscal years ended March 31, 2015 and 2014. Please read it in conjunction with the financial statements.

Overview

NYCCDC was created by State Legislation in 1979 ("the 1979 Act") as a subsidiary of the New York State Urban Development Corp. ("UDC") to plan, design, develop and construct a convention and exhibition center in the City of New York (the "Facility"). The Facility was completed and began operations in 1986 as the Jacob K. Javits Convention Center (the "Javits Center"). The Javits Center has a gross convention program area of 1,932,000 square feet, which includes 1,594,776 square feet of enclosed convention center area and the remainder consists of the loading dock area and the inner roadway/drop off area. In addition, NYCCDC owns the two acre park at 11th Avenue and 35th Street as well as the block between 11th and 12th Avenues and 33rd and 34th Streets.

The 1979 act authorized the formation of the New York Convention Center Operating Corporation ("NYCCOC"), a public benefit corporation, to operate the Javits Center after completion of its construction and appropriated state funds for the initial working capital requirements of that entity. The rights to the Javits Center are leased to the Triborough Bridge and Tunnel Authority ("TBTA") by the Development Corp. which in turn are subleased to the State. The State, in turn, subleases the Javits Center to NYCCOC.

Upon completion of the construction of the Javits Center, the NYCCDC's main function was to administer/defend itself in a number of lawsuits brought against NYCCDC for various reasons. Between 1995 and 2000 NYCCDC was able to settle the six remaining lawsuits against it which produced $13 million in net payments. The other function of NYCCDC had been to invest the proceeds of the settlements and provide some funds for renovations and major repairs to the Javits Center.

In 2004, the Legislature, finding the existing Javits Center too inadequate to accomplish its economic development objectives, amended the legislation to provide funding for an expansion and renovation of the convention center through the issuance of bonds. In 2005, the Development Corp. issued $700 million in Hotel Unit Fee-secured Revenue Bonds ("the Hotel Bonds") to fund the expansion and renovation. The Bond issue was supported by a $1.50 per night hotel tax imposed for a 40 year period on hotel room rentals in the five boroughs of New York City.

In fiscal 2007, NYCCDC acquired the Yale Building Site for $62.4 million which resulted in an addition to the assets of NYCCDC which are capitalized as part of the land costs. The purchase was made in anticipation of the renovation and expansion of the Javits Center.

In 2009, NYCCDC embarked upon a multi-year $463 million (exclusive of demolition and bond interest cost) renovation and expansion of the Javits Center located in the borough of Manhattan.

In June 2010, the $38.75 million expansion was completed on schedule and on budget. This 110,000 gross square foot pre-engineered structure has been well received by the convention industry and has provided the Javits Center with a unique space that is marketable to a new customer base.

In July 2010, construction started on the $391 million renovation program, major components of which include: replacement of the exterior Curtainwall, replacement of the roof, replacement of the heating and cooling system, painting of the structural space frame, and selected interior renovation. Significant features of the renovation program include the largest green roof on the eastern seaboard and LEED silver status.

During fiscal 2014, efforts continued on the additional $50 million of work (including contingencies) that was added to the project in fiscal 2013 as a result of savings achieved through favorable bidding and careful management of a contingency. The project, as well as the close-out, was completed in October 2014.

Summarized Statements

A summarized statement of NYCCDC's assets, liabilities and net position at March 31, 2015 and 2014 is as follows:

Condensed Statements of Net Position (in Thousands)

Assets	2015	2014
Current assets	$ 196,761	234,328
Non-current assets:		
Investments - debt service reserve	66,604	66,561
Capital assets, net	962,613	937,993
Total assets	1,225,978	1,238,882

Liabilities		2015	2014
Current liabilities	$	18,987	35,548
Bonds payable		706,412	708,092
Accrued interest earnings		1,168	1,168
Total liabilities		726,567	744,808
Net Position			
Net position:			
Net investment in capital assets		419,638	413,517
Restricted for debt service payments		66,604	66,561
Unrestricted		13,169	13,996
Total net position	$	499,411	494,074

A summarized statement of NYCCDC's revenue, expenses and changes in net position for the years ended March 31, 2015 and 2014 is as follows:

Condensed Statements of Revenue, Expenses
and Changes in Net Position (in Thousands)

		2015	2014
Operating revenue	$	46,453	42,113
Operating expenses		(41,478)	(12,534)
Operating income		4,975	29,579
Nonoperating revenue		362	-
Change in net position		5,337	29,579
Net position at beginning of year		494,074	464,495
Net position at end of year	$	499,411	494,074

Financial Highlights

NYCCDC's assets approximated $1.226 billion and $1.239 billion at March 31, 2015 and 2014, respectively. The decrease of $12.9 million is primarily due to $40.3 million decrease in restricted investments that were designated for capital purposes. This decrease was offset by a $1.9 million increase in cash and equivalents, $0.9 million increase in hotel unit fee receivable and $24.6 million increase in investments in capital assets related to the completion of capital renovations and improvements to the Javits Center.

NYCCDC's total liabilities approximated $726.6 million and $744.8 million at March 31, 2015 and 2014, respectively. The decrease of $18.2 million is primarily due to decreases in accrued capital expenses of $16.5 million and bonds payable of $1.7 million.

NYCCDC's operating revenue approximated $46.5 million and $42.1 million for the years ended March 31, 2015 and 2014, respectively. The increase of $4.4 million is primarily due to an increase in collection of the hotel unit fee.

NYCCDC's operating expenses approximated $41.5 million and $12.5 million for the years ended March 31, 2015 and 2014, respectively. The increase of $29.0 million is primarily due to the recording of bond interest expense of $17.4 million and depreciation expense of $11.6 million related to the completion of the renovation.

NYCCDC's nonoperating revenue approximated $0.4 million for the year ended March 31, 2015.

Request for Information

This financial report is designed to provide a general overview of the Development Corp's finances for all those with an interest in the New York Convention Center Development Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, New York Convention Center Development Corporation d/b/a Empire State Development, 633 Third Avenue, New York, New York 10017.

FINANCIAL STATEMENTS

NEW YORK CONVENTION CENTER
DEVELOPMENT CORPORATION

Statements of Net Position
March 31, 2015 and 2014

		2015	2014
Assets			
Current assets:			
Cash and equivalents	$	2,105,875	205,997
Hotel unit fee and other receivables		11,395,093	10,485,265
Investments restricted ($13,091,922 unrestricted in 2015 and $13,791,873 unrestricted in 2014)		183,259,795	223,636,572
Total current assets		196,760,763	234,327,834
Investments - debt service reserve		66,603,819	66,561,639
Investments in capital assets, net of accumulated depreciation		962,613,557	937,992,701
Total non-current assets		1,029,217,376	1,004,554,340
Total assets	$	1,225,978,139	1,238,882,174
Liabilities			
Current liabilities:			
Accrued interest payable		13,101,702	13,118,551
Due to New York Convention Center Operating Corporation		3,365,742	3,365,742
Due to New York State Urban Development Corporation		18,334	4,166
Accounts payable and accrued expenses		2,501,858	19,060,071
Total current liabilities		18,987,636	35,548,530
Bonds payable		706,411,683	708,091,738
Accrued interest earnings		1,167,642	1,167,642
Total non-current liabilities		707,579,325	709,259,380
Total liabilities		726,566,961	744,807,910
Contingencies (note 9)			
Net position			
Common stock (note 1)		200	200
Net investment in capital assets		419,638,063	413,516,753
Restricted for debt service payments		66,603,819	66,561,639
Unrestricted		13,169,096	13,995,672
Total net position		499,411,178	494,074,264
Total liabilities and net position	$	1,225,978,139	1,238,882,174

See accompanying notes to financial statements.

NEW YORK CONVENTION CENTER
DEVELOPMENT CORPORATION

Statements of Revenue, Expenses and Changes in Net Position
Years ended March 31, 2015 and 2014

	2015	2014
Operating revenue	$ 46,452,771	42,112,785
Operating expenses:		
Salaries and benefits	181,978	186,911
Other administrative expenses	85,857	79,979
Bond Interest Expense	17,345,939	-
Depreciation	23,863,804	12,267,227
Total operating expenses	41,477,578	12,534,117
Operating income	4,975,193	29,578,668
Nonoperating revenue - interest and other income	361,721	-
Change in net position	5,336,914	29,578,668
Net position at beginning of year	494,074,264	464,495,596
Net position at end of year	$ 499,411,178	494,074,264

See accompanying notes to financial statements.

NEW YORK CONVENTION CENTER
DEVELOPMENT CORPORATION

Statements of Cash Flows
Years ended March 31, 2015 and 2014

		2015	2014
Cash flows from operating activities:			
Cash received from operations	$	45,543,896	41,908,392
Cash paid for operating expenses		(268,788)	(267,186)
Cash paid for interest expense		(4,244,237)	-
Net cash provided by operating activities		41,030,871	41,641,206
Cash flows from investing activities:			
Proceeds from investments, net		40,696,318	51,241,052
Increase in due to New York State Urban Development Corporation		14,168	(20,661)
Renovation, improvement and expansion costs (net of interest income)		(79,841,479)	(92,746,109)
Net cash used in investing activities		(39,130,993)	(41,525,718)
Net increase in cash and equivalents		1,899,878	115,488
Cash and equivalents at beginning of year		205,997	90,509
Cash and equivalents at end of year	$	2,105,875	205,997
Reconciliation of change in net position to net cash provided by operating activities:			
Operating income		4,975,193	29,578,668
Adjustments to reconcile change in net position to net cash provided by operating activities:			
Depreciation expense		23,863,804	12,267,227
Changes in:			
Receivables		(909,828)	(204,689)
Accrued interest payable		13,101,702	-
Net cash provided by operating activities	$	41,030,871	41,641,206
Supplemental disclosure of noncash investing and financing activities - capital assets financed by:			
Accounts payable and accrued expenses	$	2,395,368	13,043,578
Accrued interest payable	$	-	13,118,551

See accompanying notes to financial statements.

Note 1 - Corporate Background and Activities

The Senate and Assembly of the State of New York (the "State") approved legislation, the 1979 Act, authorizing a first instance appropriation from the State's Capital Construction Fund (subsequently repaid from bond proceeds) to the New York State Urban Development Corporation ("UDC") for the acquisition and initial planning of a convention and exhibition center in the City of New York (the "Facility"). The 1979 Act also established the New York Convention Center Development Corporation (the "Corporation") as a subsidiary of UDC to plan and design, develop and construct the Facility, and amended the Public Authorities Law to empower the Triborough Bridge and Tunnel Authority ("TBTA") to finance the cost of the Facility through issuance of up to $375,000,000 of its negotiable bonds and notes, which was subsequently increased to $443,700,000. An additional $60,000,000 in surplus funds of the Municipal Assistance Corporation of the City of New York ("MAC") was contributed to the cost under a tripartite agreement among the State, the City of New York and MAC. The Facility was completed and began operations in 1986 as the Jacob K. Javits Convention Center (the "Javits Center").

The Corporation was established with two classes of common stock, one class of which was issued at par to UDC (100 shares, $1 par value per share) and the other class was issued at par to TBTA (50 shares, $2 par value per share). The Corporation is a subsidiary of UDC and a component unit of UDC and the State of New York for financial reporting purposes.

The 1979 Act also authorized formation of the New York Convention Center Operating Corporation ("NYCCOC"), a public benefit corporation, to operate the Javits Center after completion of its construction, and appropriated state funds for the initial working capital requirements of that entity. The rights to the Javits Center are leased to the TBTA by the Corporation which in turn are subleased to the State. The State, in turn, subleases the Javits Center to the NYCCOC.

The State is responsible for ensuring that all lease and sublease payments are sufficient to meet the debt service on the TBTA bonds and notes by making annual appropriation in lieu of rent, equal to the debt service to be paid by TBTA on the outstanding bonds.

In 2005, the State legislature passed legislation related to the future expansion of the Javits Center. The legislation provided for issuance of bonds sufficient to fund the planned expansion and renovation and establishment of a hotel unit fee of $1.50 a day imposed on certain hotel room rentals in all five boroughs of the City, to provide revenue to cover debt payments on the bonds.

Note 2 - Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

(b) New Accounting Pronouncement

For the year ended March 31, 2014, the Corporation adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement:

- GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities" establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources such as changes in the determination of the major fund calculations and limiting the use of the term deferred in the financial statement presentations.

(c) Capitalized Costs

Capitalized costs include all costs and expenditures associated with the planning, development and construction of the convention center facility as authorized in the enabling legislation and presented in the Facility Program Plan, as approved by the Director of the Budget of the State of New York. Capitalized costs also include all capital costs related to the Javits Center since it began operations, including improvements, renovation and expansion. These expenditures include land acquisition, construction, design and engineering costs, legal costs related to construction of the Facility and all related expenditures, including bond financing costs, net of amounts recovered as the result of successful legal actions, generally against contractors.

In October 2014, the construction in progress capital cost relating to the planning and construction cost of the expansion and renovation of the Javits Center had been completed. During the project, the construction in progress capital cost had accumulated to a total of $735,263,657 which was allocated into the fixed asset accounts, building/structure and building capital improvements, for depreciation/amorization.

Depreciation and amortization on buildings and improvements are calculated on a straight-line basis over 40 years, which is the estimated useful life of the assets and improvements. Depreciable machinery, furniture and equipment, as well as short-term improvements such as carpeting and wall covering, etc. are the responsibility of NYCCOC.

Note 2 - Summary of Significant Accounting Policies, Continued

(d) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(e) Cash and Equivalents

The Corporation considers cash to consist of all cash on deposit with financial institutions that can be withdrawn without prior notice or penalty. Cash equivalents, principally certificates of deposit and United States Treasury Bills, are carried at cost plus accrued interest which approximates fair value. Cash and equivalents are wholly collateralized with government securities held by a financial institution in the name of the Corporation.

(f) Investments

Investments are reported at fair value in the statements of net position and investment income, including changes in fair value, are reported as revenue in the statements of revenue, expenses and changes in net position.

The fair value of investments, which include United States government and Federal agency obligations, is generally based on quoted market prices. Collateral for those investments is held in the Corporation's name by financial institutions as custodians. Investment income also includes realized gains and losses from the disposition of investments on a specific identification basis.

(g) Subsequent Events

The Corporation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

Note 3 - Cash and Equivalents

Demand deposits are secured by surety bonds and collateral held by a bank or trust company as custodians. Securities are either delivered or registered by book entry in the Corporation's name with bond trustees or custodian banks.

Note 3 - Cash and Equivalents, Continued

At March 31, 2015 and 2014, cash held in demand and custodial deposits, as well as cash equivalents were collateralized by the depository, generally with obligations of the United States, its agencies, or New York State obligations with a remaining maturity when purchased of 90 days or less, as follows (in thousands):

	2015		2014	
	Carrying amount	Bank balance	Carrying amount	Bank balance
Uninsured - collateral held by custodian in UDC's name	$ 2,098,484	2,098,484	203,799	203,799
Deposits held in trust for the Corporation's benefit	7,391	7,391	2,198	2,198
Total cash and cash equivalents	$ 2,105,875	2,105,875	205,997	205,997

Note 4 - Hotel Unit Fee Receivables

On April 1, 2005, the State legislature passed a law related to the future expansion of the Javits Center. The law established a hotel unit fee of $1.50 a day imposed on certain hotel room rentals in all five boroughs of the City to provide revenue to cover debt payments on the bonds issued in November 2005. The receivable balance amounting to $11,385,974 and $10,477,098 at March 31, 2015 and 2014, respectively, represents the hotel unit fee earned by the Corporation which has not been remitted by the State. The collection of the unit fee is the responsibility of the State.

Note 5 - Investments

Authorization for investments is governed by written internal guidelines, statutes, State guidelines, and bond resolutions. Investments at March 31, 2015 and 2014 are as follows:

	2015		
	Cost	Fair value	Unrealized gain
U.S. Government and Federal Agency obligations	$ 249,802,929	249,863,614	60,685

Note 5 - Investments, Continued

	2014		
	Cost	Fair value	Unrealized gain
U.S. Government and Federal Agency obligations	$ 290,109,174	290,198,211	89,037

The investments are reported at fair value in the statements of net position as of March 31, 2015 and 2014 as follows:

	2015	2014
Investments restricted	$ 183,259,795	223,636,572
Investments - debt service reserve	66,603,819	66,561,639
	$ 249,863,614	290,198,211

The interest rate earned on investments approximated .06% and .07% for the years ended March 31, 2015 and 2014, respectively.

Note 6 - Capital Assets

Capital assets activity for the years ended March 31, 2015 and 2014 are summarized as follows:

	2015			
	Balance at March 31, 2014	Additions	Transfers/ Retirements	Balance at March 31, 2015
Capital costs:				
Land	$ 86,246,626	-	-	86,246,626
Exhibition center	469,500,298	-	735,263,657	1,204,763,955
Construction in progress	686,778,997	48,484,660	(735,263,657)	-
Total capital costs	1,242,525,921	48,484,660	-	1,291,010,581
Less accumulated depreciation	(304,533,220)	(23,863,804)	-	(328,397,024)
	$ 937,992,701	24,620,856	-	962,613,557

Note 6 - Capital Assets, Continued

	2014			
	Balance at March 31, 2013	Additions	Transfers/ Retirements	Balance at March 31, 2014
Capital costs:				
Land	$ 86,246,626	-	-	86,246,626
Exhibition center	469,500,298	-	-	469,500,298
Construction in progress	586,865,162	99,913,835	-	686,778,997
Total capital costs	1,142,612,086	99,913,835	-	1,242,525,921
Less accumulated depreciation	(292,265,993)	(12,267,227)	-	(304,533,220)
	$ 850,346,093	87,646,608	-	937,992,701

Construction in progress additions for the year ended March 31, 2015 also include bond related net interest expense of $16,984,217, net of interest income of $382,530, for the expansion and renovation of the Javits Center. Construction in progress additions for the year ended March 31, 2014 also include bond related net interest expense of $33,894,397, net of interest income of $843,747, for the expansion and renovation of the Javits Center.

Depreciation expense for the years ended March 31, 2015 and 2014 amounted to $23,863,804 and $12,267,227, respectively.

In August 2006, the Corporation entered into an agreement to purchase the Yale Building site from NYCCOC. The agreement provided that the Corporation defease certain outstanding bonds of NYCCOC in the amount of $66,200,000, subsequently reduced to $62,400,000. In addition to the defeasance amount, the Corporation has agreed to make an additional $15,000,000 payment to NYCCOC upon the sale or lease of certain property (as defined in the purchase and sale agreement). This amount is not being recorded in the financial statements since it is contingent on the sale of a parcel of land owned by the Corporation. All amounts incurred in connection with this purchase are recorded as land.

Note 7 - Bonds Payable

In November 2005, the Corporation issued $700 million Series 2005 Revenue Bonds (Hotel Unit Fee secured) for the purpose of financing the capital expansion project, which consists of expanding and renovating the Jacob K. Javits Convention Center located in New York City, prepaying a loan made to NYCCOC, to acquire a building for eventual use in the project, funding certain reserves, and paying the cost of issuance. The bonds will be repaid from revenues to be received by the Corporation from hotel unit fees imposed on certain rentals of hotel rooms located within all five boroughs of New York City.

Note 7 - Bonds Payable, Continued

The Corporation maintains debt service reserve funds in accordance with the terms of the individual bond resolutions and enabling legislation. As of March 31, 2015 and 2014, the outstanding bonds were as follows:

	Bonds outstanding		Coupon
	2015	2014	rates (%)
Serial (a)	$ 93,795,000	94,910,000	4.00-5.00
Term	50,930,000	50,930,000	5.00
Term	121,000,000	121,000,000	5.00
Term	357,270,000	357,270,000	5.00
Term	75,000,000	75,000,000	4.75
	697,995,000	699,110,000	
Unamortized bond premium	8,416,683	8,981,738	
	$ 706,411,683	708,091,738	

Interest is payable semiannually on November 15 and May 15 of each year.

Early redemption options may commence in 2016 at 100%.

Annual maturities and interest obligations for the next five years (in thousands) are as follows:

	Principal	Interest	Total
2016	$ 1,770	34,681	36,451
2017	2,465	34,610	37,075
2018	3,210	34,499	37,709
2019	4,015	34,338	38,353
2020	4,875	34,138	39,013
	$ 16,335	172,266	188,601

Aggregate principal maturities subsequent to 2020 are approximately $681.6 million.

Note 8 - Accrued Interest Earnings

During construction of the Facility, the Corporation earned interest on the investment of TBTA bond proceeds (see note 1). Accrued interest earnings amounted to $1,167,642 at March 31, 2015 and 2014. The amount earned has been accrued pending resolution by the State as to whether to ultimately pay these earnings to TBTA or transfer the balances to equity.

Note 9 - Contingencies

The Corporation has been named as a defendant in a variety of personal injury actions arising in the normal course of its activities. Management believes that the ultimate outcome of such litigation will not have a material adverse effect on the financial condition of the Corporation.

Note 10 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The requirements of this statement are effective for periods beginning after June 15, 2014, which is the fiscal year beginning April 1, 2015 for the Corporation. This statement is not expected to have a material effect on the financial statements of the Corporation.

GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date" addresses an issue regarding application of the transition provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions." This Statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this statement are effective for the same period that the entity implements GASB Statement No. 68. This statement is not expected to have a material effect on the financial statements of the Corporation.

GASB Statement No. 72 - "Fair Value Measurement and Application" provides guidance regarding accounting and financial reporting relates to fair value measures of certain investments. The requirements of this statement are effective for periods beginning after June 15, 2015, which is the fiscal year beginning April 1, 2016 for the Corporation. Management is in the process of evaluating the potential impact due to the implement of this statement on the financial statements of the Corporation.

TOSKI & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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

The Board of Directors
New York Convention Center
Development Corporation:

We have audited, in accordance with the 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 New York Convention Center Development Corporation (the "Corporation"), a subsidiary of New York State Urban Development Corporation, which comprise the statement of net position as of March 31, 2015, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated June 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Corporation'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

6390 Main Street, Suite 200 | Williamsville, New York 14221 | P 716.634.0700 | TF 800.546.7556 | F 716.634.0764 | ToskiCPA.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 12, 2015

INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

The Board of Directors
New York Convention Center
Development Corporation:

Report on Investment Program Compliance

We have audited the New York Convention Center Development Corporation's (the "Corporation"), a subsidiary of New York State Urban Development Corporation, compliance with the types of compliance requirements described in the Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program during the year ended March 31, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of the Corporation's investment program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the investment program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the investment program. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on Investment Program

In our opinion, the New York Convention Center Development Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its investment program for the year ended March 31, 2015.

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Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirement that could have a direct and material effect on the investment program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the investment program and to test and report on internal control over compliance in accordance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. Accordingly, this report is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 12, 2015