

SCHEDULE OF INVESTMENTS

Apple Industrial Development Corp.
(A Component Unit of the New York City
Economic Development Corporation)
Years Ended June 30, 2014 and 2013
With Report of Independent Auditors

Ernst & Young LLP



Apple Industrial Development Corp.
(A Component Unit of the New York City Economic Development Corporation)

Schedule of Investments

Years Ended June 30, 2014 and 2013

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Report of Independent Auditors

The Management and the Board of Directors
Apple Industrial Development Corp.

Report on the Schedule of Investments

We have audited the accompanying Schedule of Investments for the Apple Industrial Development Corp. (“Apple”), a component unit of the New York City Economic Development Corporation, as of June 30, 2014 and 2013, and the related notes.

Management’s Responsibility for the Financial Schedule

Management is responsible for the preparation and fair presentation of the Schedule of Investments in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule of Investments that is free of material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Schedule of Investments based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 the Schedule of Investments is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule of Investments. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Schedule of Investments, 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 Schedule of Investments 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 Schedule of Investments.

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 Schedule of Investments referred to above present fairly, in all material respects, the investments of Apple as of June 30, 2014 and 2013, in conformity with U.S. generally accepted accounting principles.

Report on the Financial Statements as of June 30, 2014 and 2013

We have audited, in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*, the financial statements of Apple as of and for the years ended June 30, 2014 and 2013 and our report thereon dated September 30, 2014, expressed an unmodified opinion on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated September 30, 2014, on our consideration of the Apple'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 with respect to the Schedule of Investments. 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 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 Apple's internal control over financial reporting and compliance with respect to the Schedule of Investments.

Ernst & Young LLP

September 30, 2014

Apple Industrial Development Corp.
(A Component Unit of the New York City Economic Development Corporation)

Schedule of Investments
(In Thousands of Dollars)

	June 30	
	2014	2013
Operating	\$ 52	\$ 52
Restricted	100	100
Total investments	\$ 152	\$ 152

The accompanying notes are an integral part of this schedule.

Apple Industrial Development Corp.
(A Component Unit of the New York City Economic Development Corporation)

Notes to Schedule of Investments

June 30, 2014

1. Background and Organization

Apple Industrial Development Corp. (“Apple” or the “Corporation”), a component unit of the New York City Economic Development Corporation (“NYCEDC”), is a local development corporation, organized pursuant to section 1411 of the Not-for-Profit Corporation Law of the State of New York (“NPCL”). NYCEDC was organized to administer certain economic development programs on behalf of the City of New York (“The City”).

Apple has contracted with NYCEDC to provide management and maintenance services for various properties under lease to or owned by NYCEDC; wharf waterfront, public market, public aviation and intermodal transportation properties that NYCEDC is responsible for managing under the NYCEDC Maritime Contract; and other properties NYCEDC is responsible for managing pursuant to the NYCEDC Master Contract or pursuant to other arrangements by The City (the “Contract Services”). The contract between Apple and NYCEDC represents a subcontract (the “Subcontract”) to the Contract Services and, accordingly, Apple has agreed to comply with the terms of the contracts between NYCEDC and The City.

2. Summary of Significant Accounting Policies

Investments

Restricted and unrestricted investments consist of certificates of deposit. Other permitted investments include U.S. treasury bills and commercial paper with original maturities greater than three months. All investments, except certificates of deposit, are carried at fair value. Certificates of deposit are valued at cost.

3. Investments

At June 30, 2014 and 2013, Apple had certificates of deposits of \$152,105 and \$152,079, respectively.

Apple’s investment policy permits the Corporation to invest in obligations of the U.S. Government and its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor’s Corporation or P-1 by Moody’s Investors Service, and repurchase agreements.

Apple Industrial Development Corp.
(A Component Unit of the New York City Economic Development Corporation)

Notes to Schedule of Investments (continued)

3. Investments (continued)

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from increasing interest rates, the Corporation limits 80% of its investments to instruments maturing within two years of the date of purchase. The remaining 20% of the portfolio may be invested in instruments with maturities up to a maximum of seven years.

Credit Risk: It is the Corporation's policy to limit its investments in debt securities to those rated in the highest rating category by at least two nationally recognized bond rating agencies.

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risks if the securities are uninsured and are not registered in the name of the Corporation.

The Corporation manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation. At June 30, 2014, the Corporation was not subject to custodial credit risk as all certificates of deposits are covered by federal depository insurance.

Concentration of Credit Risk: The Corporation places no limit on the amount it may invest in any one issuer. At June 30, 2014, the Corporation had 66% of its certificates of deposit issued by Carver Federal Savings Bank and 34% by JPMorgan Chase.



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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Schedule of Investments Performed in Accordance With *Government Auditing Standards*

The Management and the Board of Directors
Apple Industrial Development Corp.

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Schedule of Investments of Apple Industrial Development Corp. (“Apple”), a component unit of New York City Economic Development Corporation, as of June 30, 2014, and the related notes to the Schedule of Investments, and have issued our report thereon dated September 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule of Investments, we considered Apple’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 Schedule of Investments, but not for the purpose of expressing an opinion on the effectiveness of Apple’s internal control. Accordingly, we do not express an opinion on the effectiveness of Apple’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s Schedule of Investments 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Apple’s Schedule of Investments are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and investment policies established by Apple and the New York State Comptroller investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the determination of Schedule of Investments 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 result of that testing, and not to provide an opinion on 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.

Ernst + Young LLP

September 30, 2014

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