

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

The Board of Directors  
Apple Industrial Development Corp.

We have audited the balance sheet of Apple Industrial Development Corp. (“Apple”) a component unit of New York City Economic Development Corporation, as of June 30, 2012 and the related statements of revenues, expenses and changes in fund net assets and cash flows for the year then ended, and have issued our report thereon dated September 28, 2012. We conducted our audit 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.

**Internal Control Over Financial Reporting**

Management of Apple is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered Apple’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Apple’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Apple’s internal control over financial reporting.

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 financial statements will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Apple's financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and the City of New York and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst + Young LLP*

September 28, 2012