

Agriculture & NYS Horse Breeding Development Fund

ANNUAL INVESTMENT REPORT - 2012

INVESTMENT PROCEDURES & POLICY

Approved by the Trustees on 6/29/07

In accordance with the New York State Constitution and the guidelines of the Office of the State Comptroller, the Fund's investment program shall include four basic ingredients: legality, safety, liquidity and reasonable return. Except for U. S. Treasuries, all Fund investments will be fully collateralized and the collateral held by a third party.

1. The Fund's Executive Director, in his role as administrator, shall be responsible for all investments of the Fund.
2. All investments are to be made for the Fund by the Executive Director, with the assistance of the bookkeeper.
3. In making investments for the Fund, the financial institution shall adhere to the State of New York's "Investment Guidelines for Public Authorities," as from time to time may be revised.
4. The Fund's Board of Trustees and Executive Director will review and consult on the Fund's investments at least annually. During such consultations, all variables are to be discussed, including, but not limited to, type, term and quality of investment and rate of return. A reasonable rate of return at minimal risk shall be the foremost goal for all Fund investments.
5. The financial institution shall provide the Fund with written verification of each investment and the monthly account reconciliations showing all investments and cash balances of the Fund.
6. The Fund's Executive Director shall maintain all records relating to the Fund's investments and adhere to required reporting requirements. All records and documents relating to investments shall be periodically reviewed by the Fund's Trustees.
7. The Fund's Board of Trustees is hereby deemed its Investment Committee and shall be provided with periodic investment reports detailing the fund's investments, including the system of internal controls, collateralization of securities purchased, assessment of investment objectives and review of independent audits. The Trustees shall review said reports and make such recommendations as they may deem appropriate.
8. The Fund shall engage an independent public accounting firm to annually review its investments and to prepare the annual investment reports required by the appropriate State oversight agencies.
9. Until further notice it shall be the policy of the Fund to invest all spare cash in the NYS Office of State Comptroller Short Term Investment Program (STIP).

AGRICULTURE AND NEW YORK STATE HORSE
BREEDING DEVELOPMENT FUND

Investment Information for New York State - December 31, 2012

INVESTMENTS:

At December 31, 2012, total Fund investments consisted of deposits with the “New York State Short Term Investment Pool” in the total amount of \$8,351,579.72. The deposits were third party collateralized at December 31, 2012.

INVESTMENT EARNINGS:

Investment earnings totaled \$19,472.79 for the year ended December 31, 2012 and consisted of interest earned on deposits with the “New York State Short Term Investment Pool.” The average yield on the Fund’s investments for the year ended December 31, 2012 was approximately 0.11%.

FEES AND COMMISSIONS:

There were no direct fees, commissions or other charges paid for investment related services for the year ended December 31, 2012.

2012 INVESTMENT INCOME REPORT

	<u>Deposit</u>	<u>Month</u>	<u>Amount</u>
<u>Interest Income</u>			
	<u>Deposit</u>	<u>Jan 2012 interest</u>	<u>\$ 1,119.58</u>
	<u>Deposit</u>	<u>Feb 2012 interest</u>	<u>1,087.40</u>
	<u>Deposit</u>	<u>Mar 2012 interest</u>	<u>1,194.62</u>
	<u>Deposit</u>	<u>Apr 2012 interest</u>	<u>1,505.07</u>
	<u>Deposit</u>	<u>May 2012 interest</u>	<u>1,891.48</u>
	<u>Deposit</u>	<u>Jun 2012 interest</u>	<u>1,854.76</u>
	<u>Deposit</u>	<u>Jul 2012 interest</u>	<u>1,810.87</u>
	<u>Deposit</u>	<u>Aug 2012 interest</u>	<u>2,055.13</u>
	<u>Deposit</u>	<u>Sep 2012 interest</u>	<u>2,087.45</u>
	<u>Deposit</u>	<u>Oct 2012 interest</u>	<u>2,931.41</u>
	<u>Deposit</u>	<u>Nov 2012 interest</u>	<u>605.43</u>
	<u>Deposit</u>	<u>Dec 2012 interest</u>	<u>1,329.59</u>
			<u>\$ 19,472.79</u>
TOTAL INTEREST INCOME 2012			<u><u>\$ 19,472.79</u></u>