

**AGRICULTURE AND NEW YORK STATE
HORSE BREEDING DEVELOPMENT FUND**

Report to the Board of Trustees

For the Year Ended December 31, 2010



April 18, 2011

To the Board of Trustees
Agriculture and New York State Horse Breeding Development Fund

We have audited the financial statements of Agriculture and New York State Horse Breeding Development Fund as of and for the year ended December 31, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 5, 2011. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Fund are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2010. We noted no transactions entered into by the Fund during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used by management and determined that the accounting estimates were reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Audit Adjustments

We proposed twelve (12) audit adjustments in order to convert the Fund's cash basis records to the accrual basis. The largest of these adjustments was to record accounts receivable, accounts payable, adjust accrued liabilities, write off uncollectible receivables and to adjust the net OPEB obligation. These adjustments were similar to those made at the end of the previous year's audit.

In addition, the attached schedule summarizes potential adjustments to the financial statements that have not been recorded. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 18, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Fund's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Trustees and management of Agriculture and New York State Horse Breeding Development Fund and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Wojeski + Co CPAs, P.C.

Wojeski & Company CPAs, P.C.

Agriculture and New York State Horse Breeding Development Fund
Summary of Audit Differences
For the Year Ended December 31, 2010

	Debit	Credit
Property and equipment	\$ 45,092	
Depreciation expense	6,967	
Accumulated depreciation		\$ 34,275
Net assets – unrestricted		17,784

To record the impact of not capitalizing fixed assets and related depreciation expense.