NEW YORK STATE URBAN DEVELOPMENT CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements
And Independent Auditors' Report

March 31, 2009 and 2008

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
New York State Urban Development
Corporation and Subsidiaries:

We have audited the accompanying consolidated balance sheets of New York State Urban Development Corporation and Subsidiaries (the "Corporation"), a component unit of the State of New York, as of March 31, 2009 and 2008, and the related consolidated statements of revenue, expenses and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New York State Urban Development Corporation and Subsidiaries as of March 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 15 to the consolidated financial statements, in 2009 the Corporation changed its method of accounting for pollution remediation obligations to conform to Governmental Accounting Standards Board ("GASB") Statement No. 49 - "Accounting and Financial Reporting for Pollution Remediation Obligations."

In accordance with Government Auditing Standards, we have also issued our report dated May 29, 2009, on our consideration of New York State Urban Development Corporation and Subsidiaries' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, 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 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 and should be considered in assessing the results of our audit.

Management's discussion and analysis as presented on pages 3 to 12 is not a required part of the basic consolidated financial statements but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Toski, Schaefer & Co. P.C.

Williamsville, New York
May 29, 2009

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis

March 31, 2009 and 2008

Our discussion and analysis of New York State Urban Development Corporation and Subsidiaries' (the "Corporation") financial performance provides an overview of the Corporation's financial activities for the fiscal year ended March 31, 2009. Please read it in conjunction with the Corporation's consolidated financial statements.

Overview

During fiscal 2009, the New York State Urban Development Corporation, doing business as Empire State Development Corporation ("ESDC") continued its efforts to promote economic development throughout the State. The Corporation's goal is to create and retain jobs and to reinvigorate economically distressed areas of the State. To assist the Corporation in attaining its goals, the State Legislature has provided the Corporation with various statutory powers, including the power to issue bonds, offer tax benefits to developers, condemn real property and waive compliance, where appropriate, with certain local codes and laws. To further aid the Corporation in carrying out its mission and to increase the focus on economic development upstate, new senior management and staff were added over the last several years and a Buffalo headquarters and regional office were relocated and consolidated.

In addition to assisting individual companies, the Corporation continues to support major redevelopment efforts throughout the State. Some of the most significant financing actions relating to such development are highlighted below.

The assets of New York Convention Center Development Corporation ("NYCCDC") were transferred to ESDC in 2005 and NYCCDC issued $700 million in revenue bonds to fund the expansion and renovation of the Jacob K. Javits Convention Center. The bonds were secured by a hotel unit fee which generated $38.2 million and $31.1 million for the years ended March 31, 2009 and 2008, respectively. In fiscal 2009, the Boards of NYCCDC and ESDC approved a General Project Plan for the renovation and expansion of the Javits Convention Center. The plan includes a renovation of the existing Javits Center and 100,000 square foot expansion. Staff of NYCCDC anticipates that the expansion will be completed in 2010 and the renovation in 2013.

ESDC completed the purchase of the James A. Farley Post Office building in fiscal 2007 as part of the redevelopment of Moynihan Station. ESDC incurred financing of $205 million in order to complete the transaction. A loan was secured from Citigroup Global Markets, Inc. for $75 million for a term of three years. In addition, $130 million of seller's financed debt was obtained directly from the U.S. Postal Service to assist in completing the acquisition. At March 31, 2009, the remaining combined balance of this debt is $140 million. Both of the financing agreements mature in 2010. The project has been redesigned and is focused on building a new train hall within the Farley Post Office Building. It will create transportation infrastructure that will significantly enhance the capacity, safety and security of the commuter/intercity rail hub.

New York State designated ESDC as the lead agency in providing assistance to businesses affected by the events of September 11, 2001. The United States Department of Housing and Urban Development ("HUD") gave ESDC a grant of $700 million to fund these efforts. In November 2001, the Board of Directors authorized the creation of the Lower Manhattan Development Corporation ("LMDC"). This subsidiary is assisting in the economic recovery and revitalization of lower Manhattan following the events of September 11, 2001. HUD has provided grants totaling $2.783 billion to LMDC to fund these efforts. As of March 31, 2009, more than $2.317 billion of the total $3.483 billion in funding has been disbursed by both ESDC and LMDC to qualified businesses and individuals.

During fiscal 2009, Erie Canal Harbor Development Corporation ("ECHDC") reached several key milestones and successfully completed various activities regarding the redevelopment of Buffalo's waterfront. Significant among its accomplishments is completing work on over 12 acres of idle water front at the Harbor and transforming it into a contemporary tourist destination and also constructing an outer harbor public access fishing pier.

Brooklyn Bridge Park Development Corporation ("BBPDC") outlined a four year phasing plan in 2008 that provides for more than 67% of the Park to be completed by 2012. Phase One of the plan, which began in 2009, includes construction of the Brooklyn Bridge Plaza, Piers 1, 4 and 5 and the uplands and a portion of Pier 6. The scope of work includes construction of 2 large lawns, a playground, a riverfront promenade, a terrace garden at Pier 1, creation of a spiral pool, landscaping and other infrastructure improvements. The cost of building the entire Park is estimated at more than $350 million.

Other examples of redevelopment include 42nd Street Development, Governor's Island Preservation and Education, Harriman Research and Technology Development, Queens West Development, USA Niagara Development, the new Yankee stadium, the Mets Citifield, Midtown Plaza/PAETEC, Columbia University Educational Mixed-Use Development Land-Use Improvement and Civic Project, International Business Machines and the Atlantic Yards project.

ESDC's mission, when created in 1968, was to build affordable housing in New York State. Although the Corporation has built no new projects since the mid-1970's, it still services mortgages on 64 housing projects and realized revenues from Federal subsidies and repayments from the owners of the projects through its subsidiary, the New York State Mortgage Loan Enforcement and Administration Corp.

The following is a summary of the Corporations' financial information as of and for the years ended March 31, 2009 and 2008:

SUMMARY OF CONSOLIDATED BALANCE SHEETS

Assets	2009	2008 (as restated)
	(In thousands)	
Current assets	$ 2,696,732	2,659,513
Non-current assets:		
Investment securities - restricted	307,552	285,880
Loans and leases receivable	399,364	454,444
Due from State of New York	6,440,684	5,864,240
Due from Port Authority of New York and New Jersey	220,829	232,279
Due from New York Job Development Authority	34,000	33,292
Capital assets, net	1,089,047	947,130
Other assets	72,822	77,485
Total non-current assets	8,564,298	7,894,750
Total assets	$ 11,261,030	10,554,263
Liabilities and Net Assets		
Current liabilities	1,038,603	1,057,706
Non-current liabilities	8,254,153	7,753,622
Total liabilities	9,292,756	8,811,328
Minority interest	117,595	108,661
Net assets:		
Restricted:		
Appropriations repayable under prescribed conditions	197,554	197,554
Other restricted for specific purposes	488,104	562,764
Total restricted	685,658	760,318
Invested in capital assets, net of related debt	959,836	787,130
Unrestricted for specific purposes	205,185	86,826
Total net assets	1,850,679	1,634,274
Total liabilities and net assets	$ 11,261,030	10,554,263

SUMMARY OF STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

	2009	2008 (as restated)
	(In thousands)	
Operating revenue:		
Interest and finance income from:		
HUD subsidy	$ 15,801	17,957
Housing companies	17,392	24,605
Nonresidential projects	14,836	13,132
Hotel tax revenue	38,150	31,124
Reimbursed grants	215,173	228,126
Economic development grants	521,941	314,009
State appropriation for subsidiaries	1,082	10,987
Interest on revenue bonds	73,220	56,659
Other revenue	267,060	122,382
Total operating revenue	1,164,655	818,981
Operating expenses:		
Interest expenses on corporate purpose bonds and others	17,120	19,707
Interest expense on corporate loan - Farley	4,031	4,031
Economic development grants	522,965	323,669
Interest on revenue bonds	73,206	56,659
Reimbursed grant expenses	59,833	110,790
General and administrative expenses	62,489	71,179
Subsidiary program and related administrative expenses	81,776	151,666
Pollution remediation	38,750	-
Provision for losses on loans and leases receivable and investments in other assets	75,899	5,860
Depreciation	13,440	12,683
Total operating expenses	949,509	756,244
Minority interest	(8,934)	(8,349)
Operating income	206,212	54,388
Non-operating revenue	363,433	342,034
Non-operating expenses	(353,240)	(307,168)
Excess of revenue over expenses	216,405	89,254
Net assets at beginning of year, as previously stated	1,634,274	1,579,520
Adjustment to net assets	-	(34,500)
Net assets at beginning of year, as restated	1,634,274	1,545,020
Net assets at end of year	$ 1,850,679	1,634,274

Liquidity

The Corporation's cash, cash equivalents and temporary investments totaled approximately $141.5 million and $147.5 million at March 31, 2009 and 2008, respectively. The decrease is primarily due to the transfer of $7.3 million to a restricted fund as required by Government Accounting Standards Board ("GASB") Statement No. 45 - "Accounting and Financial Reporting by Employees for Post-Employment Benefits Other Than Pensions" for the fiscal year ended March 31, 2009. This contribution will be required annually as the result of this GASB Statement.

Capitalization

As of March 31, 2009, UDC had $288.9 million, net of unamortized premium, in Corporate Purpose debt outstanding. No new Corporate Purpose debt was issued during fiscal 2009. In addition, it had $7.3 billion in Revenue Bonds outstanding. These bonds are issued on behalf of the State for a variety of purposes, including construction of correctional facilities, various economic development initiatives and development projects. The Revenue Bonds debt service is paid by New York State.

During fiscal year 2009, ESDC refunded Revenue Bonds using the proceeds and net original premium of the issuance of Service Contract Revenue Refunding Bonds as follows: in June 2008, refunded $875 million of Correctional and Youth Facilities Services Contract Revenue series 2002B using the proceeds of the issuance of the Service Contract Revenue Refunding Series 2008A-1-A-5&2008B; in September 2008, refunded $125 million of Correctional and Youth Facilities Services Contract Revenue series 2002B-1 using the proceeds of the issuance of the Service Contract Revenue Refunding Series 2008C; in November 2008, refunded $664 million of Correctional and Youth Facilities Services Contract Revenue Series 2003A using the proceeds of the issuance of the Service Contract Revenue Refunding Series 2008D.

In January 2009, ESDC issued $472.2 million State Personal Income Tax Revenue (Economic Development and Housing) Bonds Series 2009A-1 and Series 2009A-2 (Federally Taxable) and $607.0 million State Personal Income Tax Revenue (State Facilities and Equipment) Bonds Series 2009B-1 and B02 (Federally Taxable) for a variety of purposes as directed by New York State. The purposes include community and other economic development projects, technology and development programs, economic initiatives, Upstate Revitalization, costs in connection with new Queens Stadium infrastructure and construction, new Yankee Stadium parking facilities, correctional and youth facilities capital projects, equipment capital purchases for State departments and agencies, costs in connection with State Police facilities, Division of Military and Naval Affairs, New York State Court facilities and certain improvements to State office buildings.

In addition, in November 2008, ESDC defeased $31.4 million of the Corporate Purpose Senior Lien Bond Series 1996 with funds received from repayments of the Corporation's housing mortgages that secure the Corporate Purpose Bonds.

Also outstanding are the $700 million in Revenue Bonds issued by the New York Convention Center Development Corporation in November 2005.

Interest Rate Transactions

During fiscal year 2009, certain segments of the $1.0 billion interest rate swap agreement in connection with Correctional and Youth Facilities Services Contract Revenue Series 2002B were terminated. In June 2008, $250 million Bear Stearns and $205 million Goldman Sachs swaps were terminated and in August 2008, $125 million Morgan Stanley swaps were also terminated. The total amount of termination was $580.0 million. The remaining $420.0 million interest rate swap agreements are in connection with the Service Contract Revenue Refunding Series 2008A bond (Variable Rate Demand Notes) which also partially funded the 2002B refunding.

Under the swaps, the Corporation has effectively converted terms of the underlying debt obligation from a variable to a fixed rate. Under the terms of the agreement, the Corporation pays a fixed rate of 3.578% to the related counter party and receives a variable rate equivalent to 65% of the 30 day USD-LIBOR rate. The maturities of the swaps are equal to the maturities of Series 2008A bonds and amortizations begin in 2017 with a final maturity in 2030. The Corporation is fully reimbursed by the State for all payments related to the swaps.

In fiscal 2005, the Corporation entered into an additional interest swap agreement in connection with its $649.9 million State Personal Income Tax Revenue Bonds, Series 2004A-2, 2004A-3 and 2004A-4 (State Facilities and Equipment), and its $30.5 million State Personal Income Tax Revenue Bonds Series 2004B-2 (Economic Development and Housing). In September 2008, the interest swap agreement in connection with State Personal Income Tax Revenue Bonds was partially terminated as follows: $74.6 million Lehman Brothers Derivative Products of series 2004A-3, $1.1 million Lehman Brothers Derivative Products of series 2004A-4 and $3.9 million Lehman Brothers Derivative Projects of series 2004B-2 and $75.1 million Lehman Brothers series 2004A-2. Under the Series 2004A-2, 2004A-4 and 2004B-2 swap arrangement, the Corporation pays a variable rate equivalent to the weighted average of the USB-BMA Municipal Swap Index to the counter parties and receives a fixed rate payment ranging from 2.575% to 2.856%. Under the Series 2004A-3, the Corporation receives a variable rate equivalent to 65% of the 30 day USD-LIBOR rate and pays a fixed rate to the related counter parties of 3.490%.

The maturities of the swaps are equal to the maturities of Series 2004A and 2004B bonds, with amortization ranging from 2005 to 2033. Since the Corporation is fully reimbursed by the State for all payments related to the swaps, no gains or losses will be recognized.

The fair value of the swaps is recorded as a receivable from or a payable to the State.

Investment Ratings

As of March 31, 2009, the Corporation's outstanding debt had the following ratings from the three major rating agencies:

	Underlying Ratings		
Issue	Moody's	S&P	Fitch
Correctional Capital Facility Revenue Bonds Series 6	N/A	AA-	A+
Correctional Facility Service Contract - Series A	N/A	AA-	A+
Personal Income Tax Revenue Bonds Series 2003 A1	N/A	AAA	AA-
Corporate Purpose Subordinate Lien 1996	A2	A	A
Corporate Purpose Senior Lien 1996	Aaa	AAA	AAA

Excess of Revenue over Expenses

The excess of revenue over expenses for the year ended March 31, 2009 was $216.4 million compared with $89.3 million in the prior year. This is primarily due to an increase in revenue received relating to the operating activities of various subsidiaries and the establishment of a mortgage receivable related to the Project Improvement Program.

Revenue

Operating revenue in the 2009 fiscal year approximated $1.165 billion compared with $819.0 million in fiscal 2008.

Increases in operating revenue primarily occurred in the following categories:

- Hotel tax revenue associated with the New York Convention Center increased by $7.1 million.
- Economic development grants funding increased by $207.9 million primarily due to increased activity of approximately $248.4 million in new grants, such as the New York Racing Association, Albany Nanotech/International Sematech (Fuller Road) and IBM. Partially offsetting this was a net decrease of $40.5 million in activity within existing grant programs.
- Interest on revenue bonds increased by $16.6 million primarily due to the issuance of new bonds to fund the Economic Development Programs and an increase in rates on certain variable bonds.

- Other revenues increased by $144.7 million which is due primarily to the following: establishment of a mortgage receivable of $70.1 million for the Project Improvement Program; $29.6 million in operating income for Brooklyn Bridge Park Development Corporation and Governors Island Preservation & Education Corporation from the City of New York and New York State; $9.0 million in rental income attributable to the Farley Building Project and various 42nd Street Development Project sites; $8.8 million in bond fees; $7.8 million related to the restructuring of the 2002B Bond; $7.7 million from other subsidiaries operating activities; $7.0 million from the County of Erie related to Erie Canal Harbor Development Corporation project; and $4.4 million from pilot payments related to Brooklyn Bridge Park.

Decreases in operating revenue primarily occurred in the following categories:

- Interest and finance income from HUD subsidy and housing companies decreased by $9.3 million because seven housing companies made their final payments.
- The decrease in reimbursed grants of $13.0 million is primarily due to a reduction of UDC and LMDC HUD program and grant proceeds of $72.5 million reflective of the reduced activity in the programs. This was offset by a net increase of $59.5 million of reimbursable revenue and subsidiary grant income related to the Queens West Development and Governors' Island Preservation & Education projects.
- The decrease of approximately $9.9 million in State appropriation for subsidiaries is attributable to reduced appropriations provided to subsidiaries in the 2009 fiscal year compared to fiscal 2008.

Non-Operating Revenue for fiscal year 2009 approximated $363.4 million compared to $342.0 million in fiscal 2008. The increase of $21.4 million is primarily due to a gain realized on the refinancing of certain bonds and the accrued debt service income expected from the State as a result of refunding of certain bonds and swap agreements.

Expenses

Operating Expenses in the fiscal year ended March 31, 2009 approximated $949.5 million compared with $756.2 million in fiscal 2008.

Economic development grants increased by a net of $199.3 million due to many new grants/programs coming to ESDC, such as the New York Racing Association, Albany Nanotech/International Sematech (Fuller Road) and IBM. These additions were offset by a net decrease in grant activity in all other programs.

Interest on revenue bonds increased by $16.6 million primarily due to an increase in debt service on new bonds issued to fund the Economic Development Programs and an increase in rates on certain variable bonds.

Provisions for losses on loans increased by $70.1 million due to a reserve established for the Project Improvement Program.

Reimbursed grant expenses decreased by approximately $51.0 million resulting from a decrease in the disbursement of HUD grants by LMDC.

General and administrative expenses decreased by approximately $8.6 million which is primarily due to the reclassification of an annual transfer made in a prior fiscal year which relates to the provision required for the housing portfolio and the anticipated increased repairs and assistance required due to its aging. The Corporation's general operating G&A increased by $.5 million of which $.2 million is attributable to the increase over fiscal 2008 in the liability for Government Accounting Standards Board ("GASB") Statement No. 45 - "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions." This statement requires ESDC to account for post-retirement benefits on an accrual rather than a cash basis.

Subsidiary program and related administrative expenses decreased by $69.9 million due to a reduction in operations of several large subsidiary projects such as LMDC, 42nd Street Development and Governors Island Preservation & Education.

A provision related to the liability required by GASB Statement No. 49 - "Accounting and Financial Reporting for Pollution Remediation Obligations" resulted in an increase of $38.8 million.

Non-Operating Expenses approximated $353.2 million compared to $307.2 million in fiscal 2008. The increase of $46.0 million is primarily due to accrued debt service related to the refunding of certain bonds and swap agreements. These costs are provided by the state and therefore, have no negative impact on the corporation's financial statements.

Anticipated Future Transactions

The Corporation purchased condominium units 7A - 12A and 14A of the 125 Maiden Lane condominium on November 9, 2006, for an aggregate purchase price of $61.5 million, with the intent of relocating the Corporate headquarters to these premises. After a careful review of the feasibility of such a move, ESDC senior management during fiscal 2008, decided to sell the 125 Maiden Lane property.

During the fiscal year ended March 31, 2009, Unit 8A was sold for a total sales price of $11.1 million. Units 7A and 10A - 12A were sold in fiscal year 2008 for a combined total sales price of $40.0 million. The remaining units, 9A and 14A, are being marketed for sale through a broker, GVA Williams, who was solicited through an RFP process.

The Corporation entered into a lease agreement with Time Equities to remain in the condominium units at 633 Third Avenue on July 30, 2007. As a result of the decision to remain in the current headquarters, the gain on the sale of $74.4 million is being deferred over the six year lease term for the premises, which includes the fiscal year ended March 31, 2009.

On May 1, 2009, ESDC assumed the lease on the Victoria Theatre from SONYMA. This lease term is anticipated to last approximately two years or until the Harlem Community Development Corporation ("HCDC"), a subsidiary of ESDC and owner of the property, is able to locate a developer to develop the property. Currently, the responsibilities of ESDC include securing, insuring and maintaining the property at an estimated annual cost of $0.05 million.

As part of the State's City-by-City initiative, which is part of an upstate focus to help target the State's resources on assisting each region's unique potential to spur private investment and job creation, the Corporation is working with the City of Rochester ("City") to revitalize the Midtown Plaza area. The City has acquired the properties and funds appropriated in the 2008 - 2009 New York State budget will fund the asbestos abatement and demolition of the buildings which is anticipated to take place during fiscal 2010. This work will make it a shovel ready site for the world headquarters of PAETEC, a significant telecommunications company in the U.S.

On June 1, 2009, ESDC partially redeemed $22.1 million of the Corporate Purpose Senior Lien Bond Series 1996 related to sinking fund payment due dates of January 1, 2014 ($9.3 million), July 1, 2014 ($9.7 million) and January 1, 2015 ($3.1 million) with funds received from repayments of the Corporation's housing mortgages that secure the Corporate Purpose Bonds.

On June 1, 2009, Harrison House Holding Corp., a subsidiary of ESDC, acquired title to the Harrison House project, which is a 200 unit Mitchell-Lama project in Syracuse. The project, which was originally financed by ESDC in the 1970s, has an outstanding mortgage balance of $1.4 million. Also, on June 1, 2009, Townsend Towers Holding Corp., a subsidiary of ESDC, acquired title to the Townsend Towers project, which is a 200 unit Mitchell-Lama project in Syracuse. The project, which was originally financed by ESDC in the 1970s, has an outstanding mortgage balance of $1.0 million.

On June 10, 2009, Brooklyn Bridge Park Development Corporation ("BBPDC") received authorization from its Board to assume the management of Empire-Fulton Ferry State Park. The New York State Office of Parks, Recreation and Historic Preservation will lease the park to BBPDC for 99 years at $1 per year.

As a result of the passage of The American Recovery and Reinvestment Act of 2009, ESDC will receive additional funding of approximately $8.0 million for its Weatherization Assistance Program, which is run through its subsidiary, HCDC. In addition, ESDC was selected to receive an allocation of tax credits under the New Markets Tax Credit (NMTC) Program in the amount of $30.0 million. This additional stimulus funding will allow the Corporation to further its efforts in economic development.

Request for Information

This financial report is designed to provide a general overview of ESDC's finances for all those with an interest in the 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 State Urban Development Corporation d/b/a Empire State Development Corporation, 633 Third Avenue, New York, New York 10017.

FINANCIAL STATEMENTS

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
March 31, 2009 and 2008

Assets	2009	2008 (as restated)
	(In thousands)	
Current assets:		
Cash and equivalents	$ 1,440	490
Temporary investments	140,015	146,966
	141,455	147,456
Cash and investment securities restricted or designated for:		
Corporate purpose bond	90,427	78,441
Revenue bonds	770,641	650,768
Economic development	326,282	378,337
Subsidiary and other purposes	1,082,680	1,040,582
	2,270,030	2,148,128
Loans and leases receivable:		
Residential mortgage loans	11,450	6,500
Non-residential, principally leases	2,900	2,800
Economic development loans	1,510	908
	15,860	10,208
Due from State of New York	183,527	212,032
Due from Port Authority of New York and New Jersey	21,612	21,612
Other current assets	64,248	120,077
Total current assets	2,696,732	2,659,513
Investment securities restricted or designated for:		
Debt service reserve	243,337	218,712
Debt service reserve - revenue bonds	64,215	67,168
	307,552	285,880
Loans and leases receivable:		
Residential mortgage loans	318,470	367,388
Non-residential, principally leases	47,846	51,071
Economic development loans	33,048	35,985
	399,364	454,444
Due from State of New York	6,440,684	5,864,240
Due from Port Authority of New York and New Jersey	220,829	232,279
Due from New York Job Development Authority	34,000	33,292
Real property and office equipment, net	1,089,047	947,130
Other assets	72,822	77,485
Total non-current assets	8,564,298	7,894,750
Total assets	$ 11,261,030	10,554,263

(Continued)

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets, Continued

Liabilities and Net Assets	2009	2008 (as restated)
	(In thousands)	
Current liabilities:		
Current portion of bonds, notes and mortgages payable:		
Corporate purpose bonds	$ 28,975	27,755
Revenue bonds	491,922	401,494
Other project revenue bonds	226	210
Other financing	55,000	30,000
	576,123	459,459
Accounts payable and accrued expenses	181,057	294,670
Grants payable	108,415	132,345
Interest payable	94,730	81,721
Other current liabilities	78,278	89,511
Total current liabilities	1,038,603	1,057,706
Non-current liabilities:		
Bonds, notes and mortgages payable:		
Corporate purpose bonds	259,913	319,842
Revenue bonds	6,855,302	6,259,281
Project revenue bonds - New York Convention Center Development Corporation	711,810	712,376
Other project revenue bonds	1,716	1,942
Other financing	85,000	130,000
	7,913,741	7,423,441
Repayable to related governmental entities	29,914	38,700
Pollution remediation liability	69,782	56,893
Other liabilities	240,716	234,588
Total non-current liabilities	8,254,153	7,753,622
Total liabilities	9,292,756	8,811,328
Minority interest	117,595	108,661
Net assets:		
Restricted:		
Appropriations repayable under prescribed conditions	197,554	197,554
Other restricted	488,104	562,764
Total restricted	685,658	760,318
Invested in capital assets, net of related debt	959,836	787,130
Unrestricted for specific purposes	205,185	86,826
Total net assets	1,850,679	1,634,274
Commitments and contingencies (note 19)		
Total liabilities and net assets	$ 11,261,030	10,554,263

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Consolidated Statements of Revenue, Expenses
and Changes in Net Assets
Years ended March 31, 2009 and 2008

	2009	2008 (as restated)
	(In thousands)	
Operating revenue:		
Interest and finance income from:		
HUD subsidy	$ 15,801	17,957
Housing companies	17,392	24,605
Nonresidential projects	14,836	13,132
Hotel tax revenue	38,150	31,124
Reimbursed grants	215,173	228,126
Economic development grants	521,941	314,009
State appropriation for subsidiaries	1,082	10,987
Interest on revenue bonds	73,220	56,659
Other revenue	267,060	122,382
Total operating revenue	1,164,655	818,981
Operating expenses:		
Interest related to:		
Corporate purpose bonds	17,120	19,707
Corporate loan	4,031	4,031
Economic development grants	522,965	323,669
Interest on revenue bonds	73,206	56,659
Reimbursed grant expenses	59,833	110,790
General and administrative expenses	62,489	71,179
Subsidiary program and related administrative expenses	81,776	151,666
Pollution remediation	38,750	-
Provision for losses on loans and leases receivable and investments in other assets	75,899	5,860
Depreciation	13,440	12,683
Total operating expenses	949,509	756,244
Minority Interest	(8,934)	(8,349)
Operating income	206,212	54,388

(Continued)

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Consolidated Statements of Revenue, Expenses
and Changes in Net Assets, Continued

	2009	2008 (as restated)
	(In thousands)	
Non-operating revenue:		
Interest on revenue bonds	$ 333,705	278,814
Interest and finance income earned on investment of revenue bond proceeds	11,990	26,485
Other investment income, including change in fair value	17,738	36,735
Total non-operating revenue	363,433	342,034
Non-operating expenses:		
Interest on revenue bonds	332,951	243,962
Other costs on revenue bonds	20,289	63,206
Total non-operating expenses	353,240	307,168
Non-operating income	10,193	34,866
Excess of revenue over expenses	216,405	89,254
Net assets at beginning of year, as previously stated	1,634,274	1,579,520
Adjustment to net assets (note15)	-	(34,500)
Net assets at beginning of year, as restated	1,634,274	1,545,020
Net assets at end of year	$ 1,850,679	1,634,274

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended March 31, 2009 and 2008

	2009	2008 (as restated)
	(In thousands)	
Cash flows from operating activities:		
Interest and finance income received	$ 48,029	55,694
State appropriation received for interest on debt	73,220	56,659
Other operating receipts	267,060	122,382
Cash received from hotel tax revenue	39,512	31,340
Grants received	770,579	617,347
Interest payments on corporate purpose bonds	(17,898)	(20,892)
Interest payments on revenue bonds	(73,206)	(56,659)
Payments for general and administrative expenses	(122,366)	(53,996)
Grant payments	(111,616)	(132,023)
Payments to New York State Housing Finance Agency	(596,458)	(452,057)
Payments for pollution remediation	(25,861)	(11,589)
Net cash provided by operating activities	250,995	156,206
Cash flows from non-capital financing activities:		
Increase in other liabilities	(5,105)	(324)
Retirement of corporate purpose bonds	(58,709)	(89,186)
Retirement of other project revenue bonds and mortgages	(210)	(194)
Net cash used in non-capital financing activities	(64,024)	(89,704)
Cash flows from capital financing activities:		
Bonds proceeds - revenue bonds	2,745,275	1,115,055
Retirement of revenue bonds	(2,058,826)	(578,093)
Accrued interest payable on special revenue bonds	13,787	6,244
Bond proceeds - New York Convention Center Development Corporation, net of issuing costs	(566)	(566)
Advances on behalf of State of New York for special projects	(547,939)	(380,162)
Net cash provided by capital financing activities	151,731	162,478

(Continued)

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows, Continued

	2009	2008 (as restated)
	(In thousands)	
Cash flows from investing activities:		
Proceeds from sale/maturities of investment securities	$ 15,896,242	19,137,811
Purchase of investment securities	(16,032,865)	(19,402,962)
Investment income, net	10,193	34,866
Cash payments on behalf of the New York Job Development Authority	(708)	16,103
Payments received from projects financed by corporate revenue bonds	47,093	20,767
Collections on economic development loans	(82,350)	16,572
Net activity on economic development projects	(20,000)	(45,000)
Investment in real property and office equipment	(155,357)	(47,207)
Net cash used in investing activities	(337,752)	(269,050)
Net increase (decrease) in cash	950	(40,070)
Cash and equivalents at beginning of year	490	40,560
Cash and equivalents at end of year	$ 1,440	490
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	206,212	54,388
Adjustments to reconcile operating income to net cash provided by operating activities :		
Depreciation expense	13,440	12,683
Minority interest	8,934	8,349
Changes in:		
Accounts payable and accrued expenses	(113,613)	59,844
Grants payable	(23,930)	(26,682)
Interest payable	(778)	(1,185)
Pollution remediation liability	12,889	(11,589)
Due from Port Authority of New York and New Jersey	11,450	11,034
Provision for losses on loans and leases receivable and investments in other assets	75,899	5,860
Other current assets	55,829	53,737
Other assets	4,663	(10,233)
Net cash provided by operating activities	$ 250,995	156,206

See accompanying notes to consolidated financial statements.

Note 1- Corporate Background and Activities

The New York State Urban Development Corporation ("UDC" or the "Corporation"), which together with its subsidiaries does business as the Empire State Development Corporation ("ESDC"), is a corporate governmental agency of the State of New York (the "State"), constituting a political subdivision and a public benefit corporation. Accordingly, for financial reporting purposes, the accompanying consolidated financial statements are combined as a component unit enterprise fund in the State's annual financial report. Created by legislation in 1968, UDC has broad powers, which can be utilized for civic, industrial, commercial or residential development purposes.

The consolidated financial statements include the accounts of the New York Convention Center Development Corporation ("CCDC") which owns the New York Convention Center ("Javits Center") and leases the facility to the State. In February 2004, UDC took control of CCDC.

UDC holds 67% of the common stock of CCDC and substantially controls the operations of CCDC. Under Government Accounting Standards Board ("GASB") Statement No. 39 - "The Financial Reporting Entity," CCDC is considered a blended component unit of UDC and the assets, liabilities and results of operations are consolidated with the operations of UDC for financial reporting purposes.

UDC is engaged in three principal activities:

(a) Economic Development

UDC's efforts in economic development projects are directed at several activities involving civic, commercial, high technology and industrial development within the State. UDC's goal is to create and retain jobs and to reinvigorate economically distressed areas throughout the State. To assist the Corporation in attaining its goals, the State Legislature has provided the Corporation with various statutory powers, including the power to issue bonds, offer tax benefits to developers, condemn real property and waive compliance, where appropriate, with certain local codes and laws. Earlier projects were financed through issuance of non-recourse revenue bonds and mortgages (see note 13). UDC currently provides financial assistance, including low cost project financing primarily in the form of grants. The financial assistance primarily is provided through State appropriated funds received by the Corporation and State supported bonds issued by the Corporation and disbursed to projects primarily in the form of grants.

The economic development activities of UDC also include special projects, often of considerable magnitude, which it carries out through various consolidated subsidiaries including 42nd Street Development Corporation, Harlem Community Development Corporation, CCDC, Moynihan Station Development Corporation, Erie Canal Harbor Development, New York Empowerment Zone Corporation and other subsidiaries with development activities throughout the State.

Note 1 - Corporate Background and Activities, Continued

(a) Economic Development, Continued

Lower Manhattan Development Corporation ("LMDC") was created as an ESDC subsidiary. The purpose of the subsidiary is to assist in the economic recovery and revitalization of lower Manhattan. In 2001, LMDC received a direct grant of up to $2.8 billion from the United States Department of Housing and Urban Development ("HUD") and Federal Transportation Administration. Approximately $101 million and $154 million were received and disbursed during the years ended March 31, 2009 and 2008, respectively.

Additionally in 2001, ESDC was directly appropriated $700 million by HUD to assist with the recovery and revitalization of lower Manhattan. Approximately $783,000 and $378,000 was received and disbursed during the years ended March 31, 2009 and 2008, respectively. As of March 31, 2009, $10.6 million was returned to HUD from Grantee repayments.

Additionally, UDC administers the economic development activities of the New York Job Development Authority ("JDA"). JDA is not a component unit of UDC for financial reporting purposes.

(b) State Special Projects

UDC issues revenue bonds, the proceeds of which are used primarily for construction and renovation of State correctional facilities, to refinance State office facilities or construct technology facilities for universities located in New York, to finance youth facilities, to finance the acquisition of certain lands, to construct/improve various civic and community facilities, and for economic development and preservation of natural resources located throughout the State. Under related agreements, UDC receives periodic State appropriations in amounts sufficient to amortize the debt service on the bonds.

(c) Housing Projects

Residential developments for low, moderate and middle income persons and families, nonresidential, civic, commercial and industrial properties, and development of new communities were financed by Corporate Purpose Bonds. Since the mid 1970's, UDC activity in this area has been limited to the monitoring and loan servicing of existing projects.

Note 2 - Summary of Significant Accounting Policies

(a) Basis of Accounting and Principles of Consolidation

UDC is an enterprise fund that follows the economic resource measurement focus and the accrual basis of accounting. UDC complies with all applicable pronouncements of the Governmental Accounting Standards Board ("GASB") as well as with authoritative pronouncements applicable to nongovernmental entities (e.g., Financial Accounting Standards Board Statements) that do not conflict with GASB pronouncements.

Note 2 - Summary of Significant Accounting Policies, Continued

(a) Basis of Accounting and Principles of Consolidation, Continued

The consolidated financial statements of UDC include the accounts of all wholly-owned subsidiaries, as well as those of CCDC, its 67% owned subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Estimates

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

(c) Cash and Equivalents

Cash and equivalents include cash deposits with banks and highly liquid temporary investments with original maturities of 90 days or less.

(d) Investment Securities

Investment securities are reported at fair value in the consolidated balance sheets, and investment income, including changes in fair value are reported as revenue in the consolidated statements of revenue, expenses and changes in net assets.

The fair value of investment securities, which include United States government and Federal agency obligations and obligations of State and local governments, is generally based on quoted market prices. Interest earning investment contracts, including time deposits and repurchase agreements with maturities of one year or less, are reported at amortized cost. Collateral for these 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.

(e) Loans and Leases Receivable

Residential mortgage loans and nonresidential loans, principally leases which are financed by Corporate Purpose Bonds, are recorded at cost, net of amortization of principal. It is the intent of UDC to hold these loans for the foreseeable future or until maturity.

Subsidized residential mortgage loans are amortized based upon cash flow derived from Section 236 contracts (see note 5). Non-subsidized residential mortgage loans are amortized based upon cash flow derived from housing company operations.

Nonresidential projects, including long-term non-cancelable leases, are accounted for as financing transactions. The present value of aggregate future rentals (which is equivalent to the project development cost) is recorded as the net investment in the receivable at the inception of each lease and rentals are recognized as income over the lease term so as to produce a constant periodic rate of return on the net investment.

Note 2 - Summary of Significant Accounting Policies, Continued

(e) Loans and Leases Receivable, Continued

Economic development project receivables consist of loans financed by UDC primarily with appropriations received from the State. Revenue is recognized when economic development project receivables are collected, principal is amortized and interest income is recorded.

(f) Delinquent Interest

Delinquent interest on residential mortgages, nonresidential mortgages and UDC advances to housing companies is recognized as income upon the receipt of cash.

Revenue Bonds consisting of many programs including Correctional Facilities, Youth Facilities, University Facilities, State Office Facilities, Project Revenue Bonds, Community Enhancement Facilities, are issued by UDC at the direction of the State Legislature. Most revenue bonds are now issued under the Personal Income Tax Resolution for State Facilities and Equipment and Economic Development and Housing. UDC expects to receive funds from the State under leases, financings, service contracts or through interest earned on available cash and investments related to such bonds, in amounts sufficient to cover bond debt service and expenses such as bond issuance costs, discounts and advance refunding costs. During fiscal 2009 and 2008, UDC received from the State $699.8 million and $668.8 million, respectively.

Amounts received from the State were used to meet principal payments of $341.6 million and $362.1 million in fiscal 2009 and 2008, respectively, which were recorded as reductions of the amounts due from the State. In addition, during fiscal 2009 and 2008 UDC applied $20.3 million and $39.7 million, respectively, of Revenue Bonds investment earnings to meet principal and interest payments.

(g) Bond Defeasances and Refundings

UDC accounts for bond defeasances and refundings under the provisions of GASB Statement No. 23 - "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities." Accordingly, gains or losses representing the difference between the reacquisition price required to repay previously issued debt, and the net carrying amount of the retired debt, are deferred as an addition to or are deducted from the new bonded liability, and subsequently amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt.

In November 2008, UDC defeased $31.4 million of the Corporate Purpose Senior Lien Bond Series 1996 with funds received from repayments of the Corporation's housing mortgages that secure the Corporate Purpose Bonds.

In-substance defeasances of Revenue Bond issues do not result in any net gain or loss to UDC since UDC is fully reimbursed by the State for all expenses related to Revenue Bonds as well as the net debt service requirements. All adjustments related to these transactions result in a change to the amount due from New York State.

Note 2 - Summary of Significant Accounting Policies, Continued

(h) Real Property and Office Equipment

Real property, leasehold improvements and office equipment are recorded at cost. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets or the related lease terms, which range from 2 to 40 years. Planning, development and construction costs for various projects which will ultimately be owned by the corporation are capitalized when incurred and depreciated when placed in service.

As of March 31, 2009 and 2008, construction costs incurred in the amount of approximately $137.5 million and $58.7 million, respectively, were capitalized and included as part of building and improvements. Costs associated with CCDC include interest costs of $19.074 million, net of $15.771 million of interest income.

(i) Revenue and Expense Classification

The Corporation distinguishes operating revenue and expenses from non-operating items in the preparation of its consolidated financial statements. Operating revenue and expenses generally result from providing services in connection with the Corporation's principal ongoing operations. The principal operating revenues are earnings from the housing portfolios, economic development grants, hotel tax collections, state appropriations for interest on Revenue Bonds where the Corporation's Board of Directors approves the disbursement of the funds, and grants from Federal, State and City agencies. The Corporation's operating expenses include project and program costs and related administrative expenses. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

(j) State Appropriations

State appropriations are subject to approval by the State Legislature. UDC has no assurance that required appropriations will be made beyond the current year to meet certain debt service obligations. Appropriations and available funds are anticipated to be sufficient to meet UDC's obligations for fiscal 2010.

(k) Grants

UDC administers certain reimbursement grant funds from Federal, State and City agencies. Reimbursement grants are awarded for a specifically defined project fund and are generally administered such that UDC is reimbursed for any qualified expenditures made in relation to such projects. UDC records reimbursement grants as revenue when the related program costs are incurred. Differences between the program costs incurred on specific projects and the related approved grants are reflected as a receivable or as a deferred liability in the accompanying consolidated balance sheets.

Note 2 - Summary of Significant Accounting Policies, Continued

(l) Derivative Instruments

The Corporation uses interest rate swap agreements to manage the impact of interest rates on its Service Contract Revenue Refunding 2008A bonds and its State Personal Income Tax Revenue Bonds, Series 2004A-2, 2004A-3, 2004A-4 and Series 2004B-2 bonds. Accounting standards require that an entity recognize the fair value of all derivative instruments as either assets or liabilities in the consolidated balance sheets, with appropriate offsets to either operations or net assets. UDC is fully reimbursed by the State for all expenses related to revenue bonds. The fair value of the instruments is recorded either as a receivable from or payable to the State.

(m) Pollution Remediation Costs

Effective for the year ended March 31, 2009, pollution remediation costs are being charged in accordance with the provisions of GASB Statement No. 49 (see note 15). An operating expense provision and corresponding liability measured at its current value using the expected cash flow method have been recognized for certain pollution remediation obligations that previously may not have been required to be recognized, have been recognized earlier than in the past or are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations occur when any one of the following obligating events takes place: the Corporation is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; the Corporation is named by a regulator as a responsible or potentially responsible party to participate in remediation; the Corporation voluntarily commences or legally obligates itself to commence remediation efforts; or the Corporation is named or there is evidence that the Corporation will be named in a lawsuit that compels participation in remediation activities. In accordance with GASB Statement No. 49, the balances of all presented prior periods have been restated.

Note 3 - Cash and Equivalents

As part of the Emergency Economic Stabilization Act (the Act), banks that participate in the FDIC's Temporary Liquidity Guarantee program provide full FDIC insurance on all non-interest bearing accounts, regardless of dollar amount. The Act assures that this coverage will remain in place through December 31, 2009. Additionally, the current Federal Depositors Insurance Corporation (FDIC) coverage limit for interest-bearing accounts is $250,000. Therefore, the Corporation's cash and equivalents are fully insured.

Note 4 - Fair Value of Financial Instruments

Financial Instruments

Authorization for investment in securities is governed by written internal guidelines, statutes, State guidelines and bond resolutions. Permitted investments include:

- Obligations of the United States Treasury, agencies and instrumentalities;
- Direct obligations of the State of New York, its political subdivisions and public authorities;
- Collateralized investments, which are fully secured as to principal by U.S. Treasury securities and agencies of the U.S. Government, with financial institutions, which meet specified criteria;
- Repurchase agreements with financial institutions doing business in New York State which are listed as primary government securities dealers by New York's Federal Reserve Bank, and which are collateralized by U.S. Government securities;
- Commercial paper issued by domestic banks, corporations and financial companies rated "A-1" or better by Standard & Poor's Corporation or "P-1" by Moody's Investors Service, Inc.; and
- Restricted cash held for subsidiaries and for other purposes insured by the FDIC or fully collateralized in UDC's name.

Investment securities cost and fair value at March 31, 2009 and 2008 consisted of the following (in thousands):

	2009		
	Cost	Fair value	Unrealized gain
U.S. Government and Federal Agency obligations	$ 2,664,776	2,666,530	1,754
Restricted cash	51,067	51,067	-
Total	$ 2,715,843	2,717,597	1,754

	2008		
	Cost	Fair value	Unrealized gain
U.S. Government and Federal Agency obligations	$ 2,531,431	2,534,075	2,644
Restricted cash	46,899	46,899	-
Total	$ 2,578,330	2,580,974	2,644

Note 4 - Fair Value of Financial Instruments, Continued

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Statement No. 157 - "Fair Value Measurements" establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). FASB Statement No. 157 describes level 1 assets and liabilities as those whose inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access. The Corporation holds U.S. Government and Federal Agency obligations with a quoted price in active markets for identical assets (level 1) of $2.667 million at March 31, 2009.

Investment securities were reported at fair value in the consolidated balance sheets at March 31, 2009 and 2008 as follows (in thousands):

		2009	2008
Current Investments:			
Temporary Investments	$	140,015	146,966
Cash and investment securities restricted or designated for:			
Corporate purpose bonds		90,427	78,441
Revenue bonds		770,641	650,768
Economic development		326,282	378,337
Subsidiary and other purposes		1,082,680	1,040,582
		2,270,030	2,148,128
Long-Term Investments - investment securities restricted or designated for:			
Debt service reserve - corporate purpose bonds		243,337	218,712
Debt service reserve - revenue bonds		64,215	67,168
		307,552	285,880
Total investment securities	$	2,717,597	2,580,974

Restricted or designated investment securities held by UDC include cash and equivalents and investment securities amounting to $1,082.7 million and $1,040.6 million at March 31, 2009 and 2008, respectively. These amounts at March 31, 2009 and 2008 are restricted for special projects on behalf of the following subsidiaries/programs/purposes (in thousands):

		2009	2008
Subsidiary/Programs/Purposes:			
42nd Street Development Project Corporation	$	150,844	142,827
Governors Island Preservation and Education Corporation		46,726	15,992
New York Empowerment Zone Corporation		15,477	19,086
Queens West Development Corporation		20,698	15,380

Note 4 - Fair Value of Financial Instruments, Continued

		2009	2008
Harlem Community Development Corporation	$	3,771	4,212
Enterprise Community		1,108	1,157
Small Business Technology Investment Fund		-	10,675
USA Niagara Development Corporation		16,477	1,228
Lower Manhattan Development		3,558	-
New York Convention Center Development Corporation		666,697	666,616
Moynihan Station (James A. Farley Post Office Building)		29,902	56,631
Brooklyn Bridge Park		19,374	10,385
ESDC One Bryant Park		15,821	12,833
ESDC 125 Maiden Lane		49,812	38,766
ESDC Vark Riverview II Housing Rehabilitation		3,235	2,825
ESDC Project Repair Program		6,626	6,482
ESDC Buffalo Inner Harbor Development Corporation		3,386	6,063
ESDC Erie Canal Harbor Development Corporation		10,207	12,671
ESDC OPEB Liability Account		7,300	-
Columbia University Manhattan Campus		285	-
NYSUDC Housing Disbursement		200	-
Housing and Economic Development Loan Escrow		3,918	3,180
ESDC New York		3,068	3,089
UDC Housing Resyndication & Project Improvement		2,791	3,002
ESDC Dorado Warburton Housing Rehabilitation, Charlotte Lake Rehabilitation and Broadway E. Rehabilitation		589	1,263
Other purposes		810	6,219
Total	$	1,082,680	1,040,582

Note 5 - Loans and Leases Receivable

Residential mortgage loans, nonresidential lease receivables, mortgage loans and real estate investments and economic development loans at March 31, 2009 and 2008 consist of the following (in thousands):

	2009		2008	
	Number	Balance	Number	Balance
Residential mortgage loans (a):				
HUD subsidized (Section 236)	59	$ 270,955	66	313,635
Non-subsidized projects	5	50,655	5	52,113
Retention Loan (Section 32 Advance)	5	8,310	4	7,610
Project Repair Program (PIP)	-	-	2	530
	69	329,920	77	373,888