SALMIN, CELONA, WEHRLE & FLAHERTY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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March 27, 2013

To the Board of Directors of
Finger Lakes Regional Telecommunications
Development Corp.
70 Ontario Street
Canandaigua, New York 14424

Ladies and Gentlemen:

We have audited the financial statements of Finger Lakes Regional Telecommunications Development Corp. (Organization) for the year ended December 31, 2012, and have issued our report thereon dated March 27, 2013. Professional standards require that we communicate to you the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in The United States of America

As stated in our engagement letter dated November 8, 2012, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter, and to management in our various telephone conversations and email correspondence regarding planning matters.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for selection and use of appropriate accounting policies. The significant accounting policies used by Finger Lakes Regional Telecommunications Development Corp. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending December 31, 2012. We noted no transactions entered into by the Organization 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. The most sensitive estimates affecting the financial statements were management's estimate of the useful lives of property and equipment, and the fair value of the interest rate swap liability. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonably stated in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are as follows:

> The Organization's association and transactions with the County of Ontario in the State of New York are disclosed in Notes 1, 5 and 8.
>
> Note 1 discloses the Organization's activities and the sources of its revenue, which consist of three major customers as disclosed in Note 9.
>
> How the Organization recognizes revenue is disclosed in Notes 1, 2 and 4.
>
> Notes 2 and 3 disclose the details of the Organization's largest asset on the balance sheet, property and equipment.
>
> The disclosure of long-term debt, which is the Organization's largest liability, and the related interest rate swap liability are disclosed in Notes 5, 6 and 7.

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, there were no misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to the financial statements taken as a whole. A copy of all misstatements noted during the audit and corrected by management is attached to this letter.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that 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 March 27, 2013.

*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 Organization's financial statements or a determination of the type of auditor's 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 Organization'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 communication is intended solely for the information and use of the Board of Directors and management of Finger Lakes Regional Telecommunications Development Corp. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Salmin, Celona, Wehrle & Flaherty, LLP*

Salmin, Celona, Wehrle & Flaherty, LLP

Client: *6765 - FINGER LAKES REGIONAL TELECOMMUNICATIONS*
Engagement: *6765-2012 - FINGER LAKES REGIONAL TELECOMMUNICATIONS*
Period Ending: *12/31/12*
Trial Balance: *TRIAL BALANCE HISTORY*
Workpaper: *ADJUSTING JOURNAL ENTRIES*

| Account | | Description | W/P Ref | Debit | Credit |
|---|---|---|---|---|---|
| **Adjusting Journal Entries JE # 1** | | | | | |
| TO RECORD IBERDROLA NON RECURRING REVENUE THAT WAS IN DEFERRED REVENUE AT 12/31/12. | | | | | |
| | 27000 | Deferred Revenue - LT | | 54,731.00 | |
| | 45020 | Non-recurring Revenue | | | 54,731.00 |
| **Total** | | | | **54,731.00** | **54,731.00** |
| **Adjusting Journal Entries JE # 2** | | | | | |
| TO ADJUST DEFERRED REVENUE FOR OVER RECOGNIZING OF IBERDROLA CLARK ST. AS A 20 YEAR LIFE SHOULD BE USED RATHER THAN A 10 YEAR LIFE. | | | | | |
| | 45010 | Recurring Charges | | 1,400.00 | |
| | 27000 | Deferred Revenue - LT | | | 1,400.00 |
| **Total** | | | | **1,400.00** | **1,400.00** |
| **Adjusting Journal Entries JE # 3** | | | | | |
| TO ADJUST DEFERRED REVENUE FOR ONE EXTRA MONTH OF REVENUE RECORDED FOR FLCC ($2,000) AND THOMPSON HEALTH ($500). | | | | | |
| | 45010 | Recurring Charges | | 2,500.00 | |
| | 27000 | Deferred Revenue - LT | | | 2,500.00 |
| **Total** | | | | **2,500.00** | **2,500.00** |
| **Adjusting Journal Entries JE # 4** | | | | | |
| TO ADJUST CURRENT PORTION OF DEFERRED REVENUE TO ACTUAL. | | | | | |
| | 23000 | Deferred Revenue - ST | | 11,400.00 | |
| | 27000 | Deferred Revenue - LT | | | 11,400.00 |
| **Total** | | | | **11,400.00** | **11,400.00** |
| **Adjusting Journal Entries JE # 5** | | | | | |
| TO ADJUST CURRENT PORTION OF LONG TERM DEBT TO ACTUAL. | | | | | |
| | 25110 | Current Portion of LTD Offset | | 7,301.00 | |
| | 22000 | Current Portion LT Debt | | | 7,301.00 |
| **Total** | | | | **7,301.00** | **7,301.00** |
| **Adjusting Journal Entries JE # 6** | | | | | |
| TO ADJUST AMORTIZATION TO ACTUAL. CLIENT PROVIDED ENTRY. | | | | | |
| | 61511 | Amortization Def Financing Cost | | 3,971.00 | |
| | 19820 | A/A - Loan Acquisition Costs | | | 3,971.00 |
| **Total** | | | | **3,971.00** | **3,971.00** |
| **Adjusting Journal Entries JE # 7** | | | | | |
| TO WRITE OFF FEES ASSOCIATED WITH THE RENEWAL OF THE LINE OF CREDIT AGREEMENT. CLIENT PROVIDED ENTRY. | | | | | |
| | 60710 | Legal Fees | | 10,714.00 | |
| | 19810 | Loan Acquisition Costs | | | 10,714.00 |
| **Total** | | | | **10,714.00** | **10,714.00** |
| **Adjusting Journal Entries JE # 8** | | | | | |
| TO RECORD THE COST OF LATERAL BUILDS FOR VERIZON THAT WERE COMPLETED IN 2012 BY STN. THESE COSTS ARE A PASS THROUGH FLRTDC TO VERIZON. CLIENT PROVIDED ENTRY. | | | | | |
| | 13000 | Accounts Receivable | | 104,000.00 | |
| | 62800 | Non-Recurring Expense | | 104,000.00 | |
| | 21050 | Trade Accounts Payable | | | 104,000.00 |
| | 45020 | Non-recurring Revenue | | | 104,000.00 |
| **Total** | | | | **208,000.00** | **208,000.00** |

Client: *6765 - FINGER LAKES REGIONAL TELECOMMUNICATIONS*
Engagement: *6765-2012 - FINGER LAKES REGIONAL TELECOMMUNICATIONS*
Period Ending: *12/31/12*
Trial Balance: *TRIAL BALANCE HISTORY*
Workpaper: *ADJUSTING JOURNAL ENTRIES*

| Account | Description | W/P Ref | Debit | Credit |
|---|---|---|---|---|
| **Adjusting Journal Entries JE # 9** | | | | |
| TO RECORD THE REVENUE AND THE EXPENSES RELATED TO THE 2 VERIZON LATERALS OF STN THAT WERE OPERATIONAL AS OF 10/1/12 PER THE CONTRACTS WITH VERIZON. CLIENT PROVIDED ENTRY. | | | | |
| 13000 | Accounts Receivable | | 10,869.00 | |
| 62750 | Fiber Lease | | 9,450.00 | |
| 21050 | Trade Accounts Payable | | | 9,450.00 |
| 45010 | Recurring Charges | | | 10,869.00 |
| **Total** | | | 20,319.00 | 20,319.00 |