

YATES TOBACCO ASSET SECURITIZATION CORPORATION
2016 ANNUAL REPORT
MARCH 21, 2017

This report is being submitted in compliance with the Public Authorities Accountability Act of 2005 (Chapter 766 of the Laws of 2005). It is not intended to be a substitute for or to replace the Yates Tobacco Asset Securitization Corporation's (herein referred to as either "Yates" or the Corporation") financial statements prepared as of December 31, 2016.

1. Operations and Accomplishments

The Corporation received sufficient Tobacco Settlement Revenues (TSR's) to make a \$350,000 principal payment on the Series 2005A Turbo Term NY Counties Trust IV Tobacco Settlement Pass-Through Bonds.

2. The Corporation's revenues and expenditures for December 31, 2016 which will be reported in its 2016 Financial Statements are as follows:

REVENUES:	
Tobacco settlement revenues	\$ 306,862
Interest	<u>972</u>
Total Revenues	\$ 307,834
EXPENSES:	
Debt Service	\$ 522,198
Insurance	5,558
Professional fees	28,518
Rent	<u>10,200</u>
Total Expenses	\$ 566,474
CHANGE IN NET ASSETS	\$(258,640)

3. The Corporation's compensation schedule:

No salary or compensation was paid to any officer or director of the Corporation during 2016. The Corporation did not have any paid employees in 2016.

4. Projects undertaken by the Corporation during 2016:

The Corporation did not undertake any projects during 2016.

5. Real property owned and/or disposed of by the Corporation:

The Corporation did not own or sell any real property during 2016 and does not currently own any real property.

6. The Corporation's code of ethics as adopted and approved by the Board of Directors at its June 15, 2006 meeting is as follows:

No director, officer, or employee of the Corporation shall (1) accept other employment which will impair his or her independence of judgment in the exercise of his or her official duties; (2) accept employment or engage in any business or professional activity which will require him or her to disclose confidential information which he or she has gained by reason of his or her official position of authority; (3) disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interests; (4) use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself, herself or others; (5) engage in any transaction as a representative or agent of Corporation with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with proper discharge of his or her official duties; (6) not, by his or her conduct, give reasonable basis for the impression that any person can improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank, position or influence of any party or person; (7) abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her or which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest; and (8) endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.

7. Assessment of the effectiveness of the Corporation's internal control structure and procedures:

The financial statements of Yates for the year ended December 31, 2015 are the responsibility of management. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. Financial information contained elsewhere in this annual report is consistent with the financial statements.

Yates has established an internal control structure. The objectives of an internal control structure are to provide reasonable assurance as to the protection of accountability for asset, compliance with applicable laws and regulations, proper authorization and recording of transactions, and the reliability of financial records for preparing financial statements. The internal control structure is subject to periodic review by management and the independent auditors.

Yates financial statements are currently being audited by Drescher & Malecki, independent auditors. The audit was completed March 9, 2017. Management has made available to Drescher & Malecki all the financial records and related data of Yates, as well as providing access to all the minutes of the meetings of the Board of Yates. The role of the auditors is to provide an independent review of management's responsibility to present fairly in the financial statements the financial position, changes in its financial position and cash flows in accordance with accounting principles generally accept in the United States of America.

The independent audit includes a review of the internal control structure, tests of accounting records, and other procedures which the independent auditors consider necessary in order to express an opinion on the fairness of the presentation of the financial statements.

YATES TOBACCO ASSET SECURITIZATION CORPORATION

James Smith, President

Winona B. Flynn, Treasurer