FINANCIAL STATEMENTS

ORANGE COUNTY PARTNERSHIP, INC.

DECEMBER 31, 2018 AND 2017

ORANGE COUNTY PARTNERSHIP, INC.
DECEMBER 31, 2018 AND 2017

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Waschitz Pavloff CPA▪LLP

Members of American Institute of Certified Public Accountants and
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Orange County Partnership, Inc.
Goshen, New York 10924

Report on the Financial Statements

We have audited the accompanying financial statements of Orange County Partnership, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orange County Partnership, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Waschitz Pawloff CPA LLP

Monticello, New York

June 11, 2019

ORANGE COUNTY PARTNERSHIP, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31,

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	$ 666,472	$ 622,001
Accounts Receivable	425	131,174
Prepaid Expenses	5,184	4,036
Total Current Assets	672,081	757,211
PROPERTY AND EQUIPMENT		
Property and Equipment	63,790	63,790
Less: Accumulated Depreciation	33,358	31,150
Net Property and Equipment	30,432	32,640
Total Assets	$ 702,513	$ 789,851
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 29,745	$ 34,813
Total Current Liabilities	29,745	34,813
NET ASSETS		
Net Assets Without Donor Restrictions	672,768	755,038
Total Net Assets	672,768	755,038
Total Liabilities and Net Assets	$ 702,513	$ 789,851

ORANGE COUNTY PARTNERSHIP, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2018	2017
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND OTHER SUPPORT		
Contract Services:		
County of Orange	$ -	$ 153,000
Orange County Industrial Development Agency	-	217,000
Member Investments	399,100	296,800
Interest Income	1,397	2,260
Other Revenue	5,336	14,055
Event Income (Net of Expenses of $97,319 and $129,201)	340,423	295,943
Total Revenue and Other Support	746,256	979,058
EXPENSES		
Program Services	704,943	750,053
Management and General	123,583	119,988
Total Expenses	828,526	870,041
INCREASE (DECREASE) IN NET ASSETS	(82,270)	109,017
NET ASSETS AT BEGINNING OF YEAR	755,038	646,021
NET ASSETS AT END OF YEAR	$ 672,768	$ 755,038

ORANGE COUNTY PARTNERSHIP, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL EXPENSES
EXPENSES			
Salaries	$ 460,146	$ 57,477	$ 517,623
Employee Benefits	41,688	5,207	46,895
Payroll Taxes	33,380	4,169	37,549
Professional Fees	34,944	23,648	58,592
Contract Labor	10,360	-	10,360
Advertising and Promotion	13,261	4,420	17,681
Office Expense	14,009	4,670	18,679
Occupancy	25,693	8,563	34,256
Auto	13,096	2,311	15,407
Travel	6,154	1,085	7,239
Conferences and Meetings	10,681	3,558	14,239
Insurance	5,410	1,804	7,214
Business Development	16,110	-	16,110
Telephone	9,321	3,107	12,428
Repairs and Maintenance	8,360	2,787	11,147
Dues and Subscriptions	674	225	899
Depreciation	1,656	552	2,208
TOTAL EXPENSES	$ 704,943	$ 123,583	$ 828,526

ORANGE COUNTY PARTNERSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL EXPENSES
EXPENSES			
Salaries	$ 495,245	$ 59,497	$ 554,742
Employee Benefits	53,577	6,437	60,014
Payroll Taxes	32,633	3,921	36,554
Professional Fees	7,740	14,080	21,820
Contract Labor	13,450	-	13,450
Advertising and Promotion	7,935	2,645	10,580
Office Expense	19,543	6,515	26,058
Occupancy	25,516	8,504	34,020
Auto	14,478	2,556	17,034
Travel	11,516	2,031	13,547
Conferences and Meetings	9,674	3,222	12,896
Insurance	5,821	1,941	7,762
Business Development	27,011	-	27,011
Telephone	9,270	3,090	12,360
Repairs and Maintenance	9,506	3,169	12,675
Dues and Subscriptions	5,092	1,697	6,789
Depreciation	2,047	682	2,729
TOTAL EXPENSES	$ 750,054	$ 119,987	$ 870,041

ORANGE COUNTY PARTNERSHIP, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (82,270)	$ 109,017
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	2,208	2,729
Decrease (Increase) in Operating Assets		
Accounts Receivable	130,749	(38,249)
Prepaid Expenses	(1,148)	5,433
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Liabilities	(5,068)	317
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	44,471	79,247
NET INCREASE (DECREASE) IN CASH	44,471	79,247
CASH AT BEGINNING OF YEAR	622,001	542,754
CASH AT END OF YEAR	$ 666,472	$ 622,001

Operating Activities reflect no interest paid or income tax paid during 2018 or 2017.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Orange County Partnership, Inc. ("Partnership") is presented to assist in understanding the Partnership's financial statements. The financial statements and the notes are representations of the Partnership's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization

The Orange County Partnership, Inc. was incorporated in 1985 and operates as a non-profit organization. The Partnership provides development opportunities to businesses interested in Orange County, New York. The Partnership works with economic development professionals, commercial real estate brokers, developers, site selection firms and regional and statewide economic development agencies to find the most advantageous and cost-effective locations for corporate attractions and expansions. From site selection assistance, financing options, and employment training to marketing, the Partnership is a resource for economic development support.

Income Taxes

The Partnership is exempt from taxation under Section 501(c)(6) of the Internal Revenue Code. The Partnership evaluates all significant tax positions as required by generally accepted accounting principles in the United States and the tax laws that govern organizations exempt from income tax. As of December 31, 2018 and 2017, the Partnership does not believe that it has taken any tax positions that would jeopardize its tax exempt status or that would require the recording of any tax liability. The Partnership's informational exempt tax filings are subject to examination by the appropriate federal and state jurisdictions. As of December 31, 2018, the Partnership's federal and state informational tax exempt filings generally remained open for the last three years.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The Partnership reports information regarding its financial position and activities according to two classes of net assets: Net Assets without Donor Restrictions and Net Assets with Donor Restrictions. A description of the two net asset categories follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Net Assets without Donor Restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting for the nature of the Partnership, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into the course of its operations.

Net Assets with Donor Restrictions – Net assets with Donor Restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. The Organization's unspent contributions are classified in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Generally, the donors of these assets permit the Partnership to use the income earned on the related investments for specific purposes.

In the audited financial statements for the year ended December 31, 2017, the net assets without donor restrictions were labeled as unrestricted net assets and the net assets with donor restrictions were labeled as temporarily restricted net assets according to standards at the time.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to both program and support functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Sources of Support

The Partnership generates support from investors and sponsors of business networking events.

Donated Goods and Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. These donations are recorded at their fair values as both a contribution and an expense in the period received. No donated goods or services were provided for the years ended December 31, 2018 and 2017.

Cash and Cash Equivalents

The Partnership considers all unrestricted demand deposits, money market funds and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Partnership considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

Property and equipment are stated at cost or the fair market value of donated assets. Depreciation is provided for using the straight-line method over the estimated useful lives of the respective assets.

Estimated useful lives are as follows:

Office Equipment	3-5 years
Leasehold Improvements	39 years
Vehicles	5 years

Depreciation expense for the years ended December 31, 2018 and 2017 amounted to $2,208 and $2,729, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Support Recognition

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for specific purposes by the donor are recognized when the purpose of the contribution is met. The amount of support to be recognized in future periods is recorded as deferred revenue. There was no deferred revenue at December 31, 2018 and 2017.

Advertising Costs

The Partnership expenses the costs of advertising and promotions over the period the advertising is in effect. Advertising expenses for the years ended December 31, 2018 and 2017 were $17,681 and $10,580, respectively.

Change in Accounting Principles

The Partnership implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the Partnership's financial statements:

- The statement of functional expenses in the prior year was a supplemental schedule. For the year ended December 31, 2018, the statement of functional expenses became a required part of the financial statements.
- The unrestricted net assets class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity (Note 7).

The effect of this change on net assets on December 31, 2017 was all unrestricted net assets were reclassified as net assets without donor restrictions. The Organization had no temporarily restricted net assets or permanently restricted net assets on December 31, 2017.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2018	2017
Office Equipment	$19,343	$19,343
Leasehold Improvements	44,447	44,447
	63,790	63,790
Less: Accumulated Depreciation	33,358	31,150
Net Property and Equipment	$30,432	$32,640

NOTE 3 - CONCENTRATION OF RISK

Concentration of Revenue Sources

The Organization received approximately 38% in 2017 of its total support and revenue from the New York State County of Orange and the Orange County Industrial Development Agency (IDA). Starting in 2018, the Partnership no longer provides services to the New York State County of Orange and the IDA.

Concentration of Credit Risk

Financial instruments that potentially subject the Partnership to concentrations of credit risk consist principally of temporary cash investments. The Partnership maintains cash balances with various financial institutions. The cash balances may, at times, exceed the amount covered by the Federal Deposit Insurance Corporation (FDIC) of $250,000. At December 31, 2017, there were no uninsured balances. At December 31, 2018, the Partnership's aggregate bank balances collateralized as follows:

Uncollateralized	$159,925
Insured by the FDIC	545,814

NOTE 4 - GOVERNMENTAL CONTRACT SERVICES REVENUE RECEIVED

The Partnership provided services to the County of Orange and the Orange County Industrial Development Agency (IDA) in 2017. These services were not provided in 2018. For the year ended December 31, 2017, revenue received consisted of the following:

	2017
County of Orange	$153,000
Orange County IDA	217,000
Total	$370,000

NOTE 5 - LEASES

The Partnership entered into a lease agreement for office equipment in March 2013 for a term of 39 months with monthly payments of $384. This lease was renewed in March 2016 for a term of 39 months with monthly payments of $422. Equipment lease expense for the years ended December 31, 2018 and 2017 was $5,836 and $5,624, respectively. Additional payments represent periodic usage charges over the parameters set forth in the contract.

NOTE 5 - LEASES *(Continued)*

The Partnership entered into a lease agreement for a vehicle in May 2015 for a term of 36 months with monthly payments of $489. This lease ended in May 2018, when the Partnership entered into a new lease agreement for a vehicle for a term of 36 months with monthly payments of $689. Vehicle lease expense for the years ended December 31, 2018 and 2017 was $7,468 and $5,868, respectively.

The Partnership leases office space in Goshen, New York and entered into a 60 month lease agreement in September 2013. This leased was renewed in September 2018 for an additional 60 months. Occupancy expense related to this lease for the years ended December 31, 2018 and 2017 was $34,256 and $34,020, respectively.

The following is a schedule of future minimum lease payments required under the leases:

2019	$ 45,767
2020	43,235
2021	38,509
2022	35,910
2023	23,940
	$187,361

NOTE 6 - PENSION PLAN

The Partnership has a defined contribution pension plan that covers all full-time employees who have met eligibility requirements. Contributions to the plan are based on 7.5% of the participants' compensation. Pension contributions for the years ended December 31, 2018 and 2017 amounted to $27,134 and $32,558, respectively.

NOTE 7 - LIQUIDITY

The Partnership has $666,897 of financial assets available within one year of the balance sheet date consisting of cash of $666,472 and accounts receivable of $425. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

NOTE 8 - SUBSEQUENT EVENTS

These financial statements have evaluated the subsequent events through June 11, 2019, the date which the financial statements were available to be issued.