

**FINANCIAL STATEMENTS**

**ORANGE COUNTY ECONOMIC  
DEVELOPMENT CORPORATION  
D/B/A ORANGE COUNTY PARTNERSHIP**

**DECEMBER 31, 2016**

**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
D/B/A ORANGE COUNTY PARTNERSHIP**

**DECEMBER 31, 2016**

**TABLE OF CONTENTS**

|   | <u>PAGE</u> |
|---|-------------|
| Independent Auditors' Report                  | 1-2         |
| Statements of Financial Position              | 3           |
| Statements of Activities                      | 4           |
| Statements of Cash Flows                      | 5           |
| Supplemental Schedules of Functional Expenses | 6           |
| Notes to the Financial Statements             | 7-11        |

# Knack, Pavloff & Company, LLP

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Orange County Economic Development Corporation  
d/b/a Orange County Partnership

We have audited the accompanying financial statements of Orange County Economic Development Corporation (Orange County Partnership) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities 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.

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 Economic Development Corporation (Orange County Partnership) as of December 31, 2016 and 2015, 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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 6 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Knack, Pavloff & Company, LLP*

Monticello, New York

July 7, 2017

**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
D/B/A ORANGE COUNTY PARTNERSHIP  
STATEMENTS OF FINANCIAL POSITION  
As At December 31,**

| ASSETS                                    | <u>2016</u>       | <u>2015</u>       |
|---|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                     |                   |                   |
| Cash                                      | \$ 542,754        | \$ 524,991        |
| Accounts Receivable                       | 92,925            | 94,455            |
| Prepaid Expenses                          | <u>9,470</u>      | <u>12,145</u>     |
| <b>TOTAL CURRENT ASSETS</b>               | <u>645,149</u>    | <u>631,591</u>    |
| <b>PROPERTY &amp; EQUIPMENT</b>           |                   |                   |
| Property & Equipment                      | 63,790            | 91,038            |
| Less: Accumulated Depreciation            | <u>28,422</u>     | <u>52,904</u>     |
| <b>NET PROPERTY &amp; EQUIPMENT</b>       | <u>35,368</u>     | <u>38,134</u>     |
| <b>TOTAL ASSETS</b>                       | <u>\$ 680,517</u> | <u>\$ 669,725</u> |
| <b>LIABILITIES &amp; NET ASSETS</b>       |                   |                   |
| <b>CURRENT LIABILITIES</b>                |                   |                   |
| Accounts Payable & Accrued Liabilities    | \$ 34,496         | \$ 26,951         |
| Deferred Revenue                          | <u>-</u>          | <u>1,650</u>      |
| <b>TOTAL CURRENT LIABILITIES</b>          | <u>34,496</u>     | <u>28,601</u>     |
| <b>NET ASSETS</b>                         |                   |                   |
| Unrestricted                              | <u>646,021</u>    | <u>641,124</u>    |
| <b>TOTAL NET ASSETS</b>                   | <u>646,021</u>    | <u>641,124</u>    |
| <b>TOTAL LIABILITIES &amp; NET ASSETS</b> | <u>\$ 680,517</u> | <u>\$ 669,725</u> |

**SEE ACCOMPANYING NOTES AND AUDITORS' REPORT**

**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
D/B/A ORANGE COUNTY PARTNERSHIP  
STATEMENTS OF ACTIVITIES  
For The Years Ended December 31,**

|   | <u>2016</u>              | <u>2015</u>              |
|---|--------------------------|--------------------------|
| UNRESTRICTED NET ASSETS                                 |                          |                          |
| UNRESTRICTED REVENUES & OTHER SUPPORT                   |                          |                          |
| Contract Services:                                      |                          |                          |
| County of Orange  | \$ 153,000               | \$ 153,000               |
| Orange County Industrial Development Agency             | 217,000                  | 217,000                  |
| Member Investments                                      | 284,948                  | 252,405                  |
| Interest Income   | 2,283                    | 1,876                    |
| Other Revenue   | 75,465                   | 8,046                    |
| Event Income (Net of Expenses of \$129,201 & \$119,736) | <u>160,288</u>           | <u>152,068</u>           |
| <b>TOTAL UNRESTRICTED REVENUES &amp; OTHER SUPPORT</b>  | <u>892,984</u>           | <u>784,395</u>           |
| EXPENSES  |                          |                          |
| Program Services  | 776,969                  | 713,538                  |
| Management & General                                    | <u>111,118</u>           | <u>112,464</u>           |
| <b>TOTAL EXPENSES</b>                                   | <u>888,087</u>           | <u>826,002</u>           |
| <b>INCREASE (DECREASE) IN NET ASSETS</b>                | 4,897                    | (41,607)                 |
| NET ASSETS - Beginning of Year                          | <u>641,124</u>           | <u>682,731</u>           |
| NET ASSETS - End of Year                                | <u><u>\$ 646,021</u></u> | <u><u>\$ 641,124</u></u> |

**SEE ACCOMPANYING NOTES AND AUDITORS' REPORT**

**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
D/B/A ORANGE COUNTY PARTNERSHIP  
STATEMENTS OF CASH FLOWS  
For The Years Ended December 31,**

|   | <u>2016</u>              | <u>2015</u>              |
|---|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                          |                          |
| Change in Net Assets  | \$ 4,897                 | \$ (41,607)              |
| Adjustments to Reconcile Change in<br>Net Assets to Net Cash  |                          |                          |
| <b>Provided By Operating Activities:</b>                      |                          |                          |
| Depreciation  | 2,766                    | 4,556                    |
| Loss on Disposal of Asset                                     | -                        | 13,771                   |
| Decrease (Increase) in Operating Assets                       |                          |                          |
| Accounts Receivable   | 1,530                    | 4,790                    |
| Prepaid Expenses  | 2,675                    | (6,445)                  |
| Increase (Decrease) in Operating Liabilities                  |                          |                          |
| Accounts Payable & Accrued Liabilities                        | 7,545                    | 12,960                   |
| Deferred Revenue  | <u>(1,650)</u>           | <u>(6,350)</u>           |
| <b>CASH FLOWS PROVIDED (USED) BY<br/>OPERATING ACTIVITIES</b> | <u>17,763</u>            | <u>(18,325)</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                          |                          |
| Prepaid Lease   | <u>-</u>                 | <u>8,000</u>             |
| <b>CASH PROVIDED (USED) BY INVESTING<br/>ACTIVITIES</b>       | <u>-</u>                 | <u>8,000</u>             |
| <b>NET INCREASE (DECREASE) IN CASH</b>                        | 17,763                   | (10,325)                 |
| <b>CASH - Beginning of Year</b>                               | <u>524,991</u>           | <u>535,316</u>           |
| <b>CASH - End of Year</b>                                     | <u><u>\$ 542,754</u></u> | <u><u>\$ 524,991</u></u> |

**SEE ACCOMPANYING NOTES AND AUDITORS' REPORT**

**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
D/B/A ORANGE COUNTY PARTNERSHIP  
SUPPLEMENTAL SCHEDULES OF FUNCTIONAL EXPENSES  
For The Years Ended December 31,**

|                         |                             |                                     | <u>2016</u>               | <u>2015</u>               |
|-------------------------|-----------------------------|-------------------------------------|---------------------------|---------------------------|
|                         | <u>PROGRAM<br/>SERVICES</u> | <u>MANAGEMENT<br/>&amp; GENERAL</u> | <u>TOTAL<br/>EXPENSES</u> | <u>TOTAL<br/>EXPENSES</u> |
| <b>EXPENSES</b>         |                             |                                     |                           |                           |
| Salaries                | \$ 468,598                  | \$ 52,255                           | \$ 520,853                | \$ 495,385                |
| Employee Benefits       | 49,155                      | 5,481                               | 54,636                    | 47,432                    |
| Payroll Taxes           | 33,116                      | 3,693                               | 36,809                    | 34,174                    |
| Professional Fees       | 5,423                       | 12,806                              | 18,229                    | 36,927                    |
| Contract Labor          | 13,954                      | -                                   | 13,954                    | 13,291                    |
| Advertising & Promotion | 6,605                       | 2,201                               | 8,806                     | 10,672                    |
| Office Expense          | 16,901                      | 5,635                               | 22,536                    | 20,018                    |
| Occupancy               | 25,516                      | 8,504                               | 34,020                    | 33,390                    |
| Auto                    | 14,404                      | 2,542                               | 16,946                    | 13,425                    |
| Travel                  | 11,521                      | 2,032                               | 13,553                    | 9,159                     |
| Conferences & Meetings  | 16,709                      | 5,566                               | 22,275                    | 17,634                    |
| Insurance               | 6,867                       | 2,290                               | 9,157                     | 5,362                     |
| Business Development    | 83,861                      | -                                   | 83,861                    | 40,566                    |
| Telephone               | 12,137                      | 4,046                               | 16,183                    | 14,476                    |
| Repairs & Maintenance   | 7,729                       | 2,576                               | 10,305                    | 12,707                    |
| Dues & Subscriptions    | 2,398                       | 800                                 | 3,198                     | 3,057                     |
| Depreciation            | 2,075                       | 691                                 | 2,766                     | 4,556                     |
| Loss on Disposal        | -                           | -                                   | -                         | 13,771                    |
| <b>TOTAL EXPENSES</b>   | <u><u>\$ 776,969</u></u>    | <u><u>\$ 111,118</u></u>            | <u><u>\$ 888,087</u></u>  | <u><u>\$ 826,002</u></u>  |

**SEE ACCOMPANYING NOTES AND AUDITORS' REPORT**



**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
D/B/A ORANGE COUNTY PARTNERSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Orange County Economic Development Corporation, D/B/A Orange County Partnership ("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 Economic Development Corporation 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, 2016 and 2015, 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, 2016, 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 three classes of net assets: Unrestricted Net Assets, Temporarily Restricted Net Assets and Permanently Restricted Net Assets. A description of the three net asset categories follows:

**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
D/B/A ORANGE COUNTY PARTNERSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016**

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

**Unrestricted Net Assets** – Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from 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.

**Temporarily Restricted Net Assets** – Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period.

**Permanently Restricted Net Assets** – Permanently restricted net assets are resources whose use by the Partnership is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. Generally, the donors of these assets permit the Partnership to use the income earned on the related investments for specific purposes.

**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.

**Sources of Support**

The Partnership generates support in the form of contracts for service from government and governmental agencies, memberships and sponsorships from regional commercial entities and through hosting 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, 2016 and 2015.

**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
D/B/A ORANGE COUNTY PARTNERSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016**

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

**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, 2016 and 2015 amounted to \$2,766 and \$4,556, respectively.

**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, 2016 and deferred revenue at December 31, 2015 was \$1,650.

**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, 2016 and 2015 were \$8,806 and \$10,672, respectively.

**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
D/B/A ORANGE COUNTY PARTNERSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 2 - PROPERTY & EQUIPMENT**

Property and equipment consist of the following:

|                                | <u>2016</u>      | <u>2015</u>      |
|--------------------------------|------------------|------------------|
| Office Equipment               | \$ 19,343        | \$ 46,591        |
| Leasehold Improvements         | <u>44,447</u>    | <u>44,447</u>    |
|                                | 63,790           | 91,038           |
| Less: Accumulated Depreciation | <u>28,422</u>    | <u>52,904</u>    |
| Net Property & Equipment       | <u>\$ 35,368</u> | <u>\$ 38,134</u> |

**NOTE 3 - CONCENTRATION OF RISK**

**Concentration of Revenue Sources**

The Organization received approximately 41% in 2016 and 47% in 2015 of its total support and revenue from the New York State County of Orange and the Orange County Industrial Development Agency.

**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, 2016 and 2015, there were no uninsured balances.

**NOTE 4 - GOVERNMENTAL CONTRACTED SERVICES REVENUE RECEIVED**

The Partnership provides its services to The County of Orange and Orange County Industrial Development Agency (IDA). Revenue received consisted of the following:

|                   | <u>2016</u>      | <u>2015</u>      |
|-------------------|------------------|------------------|
| County of Orange  | \$153,000        | \$153,000        |
| Orange County IDA | <u>217,000</u>   | <u>217,000</u>   |
| Total             | <u>\$370,000</u> | <u>\$370,000</u> |

**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION  
D/B/A ORANGE COUNTY PARTNERSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016**

**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, 2016 and 2015 was \$5,468 and \$5,365, respectively. Additional payments represent periodic usage charges over the parameters set forth in the contract.

The Partnership entered into a lease agreement for a vehicle in May 2015 for a term of 36 months with monthly payments of \$489. Vehicle lease expense for the years ended December 31, 2016 and 2015 was \$5,868 and \$3,420.

The Partnership leases office space in Goshen, New York and entered into a 60 month lease agreement in September 2013. Occupancy expense related to this lease for the years ended December 31, 2016 and 2015 was \$34,020 and \$33,390, respectively.

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

|      |                  |
|------|------------------|
| 2017 | \$ 44,947        |
| 2018 | 30,187           |
| 2019 | <u>2,532</u>     |
|      | <u>\$ 77,666</u> |

**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, 2016 and 2015 amounted to \$28,792 and \$23,696, respectively.

**NOTE 7 - SUBSEQUENT EVENTS**

These financial statements have evaluated the subsequent events through July 7, 2017, the date which the financial statements were available to be issued.