

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY & COMPONENT UNIT**  
**GOSHEN, NEW YORK**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY & COMPONENT UNIT  
GOSHEN, NEW YORK

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FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of  
Orange County Industrial Development Agency  
255 Main Street  
Goshen, NY 10924

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the Orange County Industrial Development Agency, a component unit of Orange County, New York as of and for the years ended December 31, 2013 and 2012, which collectively comprise the Agency's basic financial statements, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

The Agency's 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's 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 and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. 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 auditor's 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 Agency'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 Agency's internal control. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Orange County Industrial Development Agency as of December 31, 2013 and 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Report on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) and budgetary comparison information on pages 4 and 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2014 on our consideration of the Orange County Industrial Development Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the OCIDA's financial statements as a whole. The Schedules of Supplementary Information listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Judelson, Giordano & Siegel, P.C.*

Middletown, New York  
February 24, 2014

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY & COMPONENT UNIT**  
**GOSHEN, NEW YORK**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**

This section of the Orange County Industrial Development Agency's (OCIDA) annual financial report presents an analysis of the OCIDA's financial performance during the fiscal year ended December 31, 2013. This information is presented in conjunction with the audited basic financial statements, which follow this section. Additional information is available in the auditor's opinion letter, which precedes management's discussion and analysis.

**FINANCIAL HIGHLIGHTS FOR THE YEAR 2013**

- The OCIDA's net assets increased by \$965,408 from \$8,936,926 to \$9,902,334.
- Operating revenues decreased by \$509,174 from \$3,071,381 to \$2,562,207.
- Operating expenses decreased by \$132,498 from \$1,729,297 to \$1,596,799.

**SUMMARY OF OPERATIONS**

<b><u>Revenues:</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>Over/Under</u></b>
Fees	\$ 2,267,460	\$ 2,753,473	(\$ 486,013)
Rental Income	100,674	122,349	( 21,675)
Grant Income	108,000	108,000	0
Interest Income	34,606	38,730	(4,124)
Recovered Funds	0	18,221	( 18,221)
Miscellaneous	51,467	30,608	20,859
	<hr/>	<hr/>	<hr/>
Total Revenues	<u>\$ 2,562,207</u>	<u>\$ 3,071,381</u>	<u>(\$ 509,174)</u>
<b><u>Expenses:</u></b>			
Administrative expenditures	\$ 1,182,220	\$ 1,175,801	\$ 6,419
Projects	402,665	542,029	( 139,364)
Depreciation	11,914	11,467	447
	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 1,596,799</u>	<u>\$ 1,729,297</u>	<u>(\$ 132,498)</u>

**FINANCIAL POSITION SUMMARY**

Net Assets serve as an indicator of the Agency's financial position. The Agency's Net Assets were \$9,902,334 and \$8,936,926 at December 31, 2013 and 2012, an increase of \$965,408 or 11%. Liabilities were \$181,659 and \$336,958 at December 31, 2013 and 2012, a decrease of \$155,299. The increase in Net Assets is mainly due to revenues exceeding expenditures.

For details of the Agency's finances, see the accompanying financial statements and Notes thereof.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements, and Other Required Supplementary Information. The Financial Statements include notes, which explain in detail some of the information included in the basic financial statements.

## **REQUIRED FINANCIAL STATEMENTS**

The Financial Statements of the OCIDA report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statement of Net Assets include information on the OCIDA's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to OCIDA creditors (liabilities). The Statement of Activities identify the OCIDA's revenues and expenses for the years ended December 31, 2013 and 2012. This statement provides information on the OCIDA's operations over the past year and can be used to determine whether the OCIDA has operated in a surplus or deficiency.

## **FINANCIAL ANALYSIS OF THE AGENCY**

The Statement of Net Assets and the Statement of Activities provide an indication of the OCIDA's financial condition and also indicate that the financial condition of the OCIDA has improved or deteriorated during the last year. The OCIDA's net assets reflect the difference between assets and liabilities. An increase in net assets over time typically indicates an improvement in financial condition.

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY & COMPONENT UNIT  
GOSHEN, NEW YORK**

**STATEMENTS OF NET ASSETS  
DECEMBER 31,**

	<u>OCIDA / OCBA</u>	<u>Component Unit</u>	<u>Eliminations</u>	<u>2013 Total</u>	<u>2012 Total</u>
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	4,617,483	754,542	0	5,372,025	5,140,033
Certificate of Deposit	3,842,782	0	0	3,842,782	3,734,634
Accounts Receivable	562,554	0	0	562,554	42,015
Accrued Interest Receivable	2,973	0	0	2,973	7,563
Prepaid Expense	12,142	10,112	0	22,254	4,232
<b>Total Current Assets</b>	<b>9,037,934</b>	<b>764,654</b>	<b>0</b>	<b>9,802,588</b>	<b>8,928,477</b>
<b>Capital Assets - Net</b>	<b>89,065</b>	<b>0</b>	<b>0</b>	<b>89,065</b>	<b>99,067</b>
<b>Other Assets:</b>					
Note Receivable	0	0	0	0	54,000
Security Deposit	14,648	0	0	14,648	14,648
Investment in Limited Liability Company	177,692	0	0	177,692	177,692
<b>Total Other Assets</b>	<b>192,340</b>	<b>0</b>	<b>0</b>	<b>192,340</b>	<b>246,340</b>
<b>TOTAL ASSETS</b>	<b>9,319,339</b>	<b>764,654</b>	<b>0</b>	<b>10,083,993</b>	<b>9,273,884</b>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Accrued Expenses	170,596	5,463	0	176,059	332,308
Tenant Security Deposits	4,150	0	0	4,150	4,650
Deferred Income	1,450	0	0	1,450	0
<b>Total Current Liabilities</b>	<b>176,196</b>	<b>5,463</b>	<b>0</b>	<b>181,659</b>	<b>336,958</b>
<b>NET ASSETS:</b>					
Investment in Capital Assets	89,065	0	0	89,065	99,067
Unrestricted Net Assets - Designated	875,000	170,000	0	1,045,000	947,561
Unrestricted Net Assets - Undesignated	8,179,078	589,191	0	8,768,269	7,890,298
<b>Total Net Assets</b>	<b>9,143,143</b>	<b>759,191</b>	<b>0</b>	<b>9,902,334</b>	<b>8,936,926</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>9,319,339</b>	<b>764,654</b>	<b>0</b>	<b>10,083,993</b>	<b>9,273,884</b>

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY & COMPONENT UNIT  
GOSHEN, NEW YORK**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31,**

	<u>OCIDA / OCBA</u>	<u>Component Unit</u>	<u>Eliminations</u>	<u>2013 Total</u>	<u>2012 Total</u>
<b>REVENUES:</b>					
Fee Income	948,453	0	0	948,453	2,175,216
Closing Fees	1,067,719	251,288	0	1,319,007	578,257
Rental Income	100,674	0	0	100,674	122,349
Grant Income	0	108,000	0	108,000	108,000
Interest Income	33,084	1,522	0	34,606	38,730
Recovered Funds	0	0	0	0	18,221
Administrative Fees	40,000	0	0	40,000	30,000
Other Income	11,467	0	0	11,467	608
<b>Total Revenues</b>	<b>2,201,397</b>	<b>360,810</b>	<b>0</b>	<b>2,562,207</b>	<b>3,071,381</b>
<b>EXPENSES:</b>					
Projects	402,665	0	0	402,665	542,029
Contractual Expenses	424,952	0	0	424,952	366,477
Payroll	121,409	0	0	121,409	218,868
Payroll Taxes	10,928	0	0	10,928	19,279
Payroll Administration Fees	2,125	0	0	2,125	3,493
Employee Benefits	17,966	0	0	17,966	28,920
Rent	175,770	0	0	175,770	171,872
Management Fees	72,000	0	0	72,000	0
Professional Fees	123,176	15,526	0	138,702	166,774
Advertising	90,387	0	0	90,387	85,611
Repairs and Maintenance	51,303	0	0	51,303	43,402
Telephone	16,000	0	0	16,000	17,408
Utilities	19,927	0	0	19,927	15,544
Office Expense	15,998	1,450	0	17,448	17,584
Travel and Entertainment	712	0	0	712	4,123
Automobile Expense	929	0	0	929	5,227
Conferences and Seminars	7,426	0	0	7,426	0
Insurance	9,816	411	0	10,227	9,112
Dues and Subscriptions	3,999	0	0	3,999	2,107
Miscellaneous Expense	10	0	0	10	0
Depreciation Expense	11,914	0	0	11,914	11,467
<b>Total Expenses</b>	<b>1,579,412</b>	<b>17,387</b>	<b>0</b>	<b>1,596,799</b>	<b>1,729,297</b>
<b>CHANGE IN NET ASSETS</b>	<b>621,985</b>	<b>343,423</b>	<b>0</b>	<b>965,408</b>	<b>1,342,084</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>8,521,158</b>	<b>415,768</b>	<b>0</b>	<b>8,936,926</b>	<b>7,594,842</b>
<b>NET ASSETS, END OF YEAR</b>	<b>9,143,143</b>	<b>759,191</b>	<b>0</b>	<b>9,902,334</b>	<b>8,936,926</b>

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY & COMPONENT UNIT**  
**GOSHEN, NEW YORK**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**

	<u>OCIDA /</u> <u>OCBA</u>	<u>OCFC</u>	<u>Eliminations</u>	<u>2013</u> <u>Total</u>	<u>2012</u> <u>Total</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>					
Change in Net Assets	621,985	343,423	0	965,408	1,342,084
<b><u>Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used in) Operating Activities:</u></b>					
Depreciation	11,914	0	0	11,914	11,467
<b><u>Changes in Assets and Liabilities:</u></b>					
Accounts Receivable	(558,429)	37,890	0	(520,539)	(29,148)
Prepaid Expense	(7,910)	(10,112)	0	(18,022)	5,259
Accrued Interest	4,590	0	0	4,590	(6,150)
Deferred Income	1,450	0	0	1,450	(424,608)
Tenant Security Deposits	(500)	0	0	(500)	(1,775)
Accounts Payable and Accrued Expenses	(144,142)	(12,107)	0	(156,249)	219,165
Total Adjustments	(693,027)	15,671	0	(677,356)	(225,790)
Net Cash Provided by (Used in) Operating Activities	(71,042)	359,094	0	288,052	1,116,294
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>					
Purchase of Fixed Assets	(1,913)	0	0	(1,913)	(964)
Redemption of Certificates of Deposit	3,734,634	0	0	3,734,634	2,323,051
Purchase of Certificates of Deposit	(3,842,780)	0	0	(3,842,780)	(3,734,634)
Note Receivable	0	0	0	0	(108,000)
Repayment of Principal on Note Receivable	54,000	0	0	54,000	54,000
Net Cash Used in Investing Activities	(56,059)	0	0	(56,059)	(1,466,547)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>					
Repayment from (to) Affiliate	1,789	(1,789)	0	0	0
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(125,312)</b>	<b>357,305</b>	<b>0</b>	<b>231,993</b>	<b>(350,253)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>4,742,795</b>	<b>397,237</b>	<b>0</b>	<b>5,140,032</b>	<b>5,490,286</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>4,617,483</b>	<b>754,542</b>	<b>0</b>	<b>5,372,025</b>	<b>5,140,033</b>

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**GOSHEN, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**NOTE 1 - ORGANIZATION AND PURPOSE**

The Orange County Industrial Development Agency (the Agency) was created in 1972 under the Laws of New York State for the purpose of encouraging economic growth in Orange County, New York. The Agency is exempt from federal, state and local income taxes. The Agency is a component of Orange County, New York.

The Agency's present function is to promote economic development through a program of incentive based allocations that assist in the construction, equipping and maintenance of specific types of projects and facilities to advance the health, prosperity and economic welfare of the County's citizens by retaining and creating jobs and attracting new business.

During 2010, the Orange County Legislative sponsored the formation of the Orange County Funding Corporation, a nonprofit corporation that would allow the Agency to work with nonprofit entities for the purpose of financing civic facilities. The Agency controls and appoints the membership of the Orange County Funding Corporation. The directors of the Orange County Funding Corporation are the same as for the Agency, therefore, making the OCFC a component unit of the OCIDA.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Agency's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Agency is determined by its measurement focus. The transactions of the Agency are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statements of net assets. Net assets are segregated into three specific components, as follows:

- *Invested in capital assets*, consists of capital assets, net of accumulated depreciation reduced by outstanding debt balances;
- *Unrestricted net assets - designated* consists of assets that can only be used for a specific purpose that is established by grantors, contributors, or laws and regulations governing the Agency;
- *Unrestricted net assets - undesignated* consists of assets and liabilities that do not meet the definition of "invested in capital assets net of related debt" or "designated."

Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Cash and Cash Equivalents**

The Agency considers all short term investments purchased with a maturity of three months or less to be cash equivalents.

**Fair Value Measurement**

Accounting principles generally accepted in the United States of America require disclosure of an estimate of fair value of certain financial instruments. The Agency's significant financial instruments are cash and cash equivalents, certificate of deposit, accounts receivable, accounts payable and accrued expenses. For these financial instruments, carrying values approximate fair value.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Accounts Receivable**

Accounts Receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts, if any, by identifying troubled accounts and by using historical experience applied to an aging of accounts. Management considers accounts receivable to be fully collectible; accordingly, there is no allowance for doubtful accounts.

**Prepaid Expenses**

Prepaid items represent payments made by the Agency for which benefits extend beyond year end. These items reflect costs applicable to future accounting periods and are recorded as prepaid at the time of purchase and as an expense in the year the goods or services are consumed.

**Capital Assets**

Capital assets, net, are recorded at cost, except for contributed property and equipment, which is recorded at fair market value at the date of donation. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When capital assets are retired or otherwise disposed of, the appropriate accounts are relieved of costs, and accumulated depreciation and any resulting gain or loss is credited or charged to operations. Capital assets at December 31, 2013 and 2012 consisted of equipment, furniture, and leasehold improvements.

The Agency evaluated prominent events or changes in circumstances affecting capital assets to determine if impairment of any capital asset had occurred. A capital asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. There were no impaired capital assets at December 31, 2013 and 2012.

Depreciation is provided for in amounts to relate the cost of depreciable assets to operations over their estimated useful lives, using the straight-line method. The estimated useful lives established to determine depreciation are as follows:

	<u>Estimated Useful Life</u>
Equipment	5 years
Furniture	10 years
Leasehold Improvements	39 years

**Use of Estimates**

The preparation of financial statements in conformity 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 revenue and expense during the reporting period. Actual results could differ from those estimates.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### New Accounting Pronouncements

During the year ended December 31, 2013, no new accounting pronouncements were adopted.

The GASB had recently issued the following new statements:

- Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which will be effective for periods beginning after December 15, 2012;
- Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, which will be effective for financial statements for periods beginning after December 15, 2012;
- Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, which will be effective for financial statements for fiscal years beginning after June 15, 2013;
- Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which will be effective for fiscal years beginning after June 15, 2014;
- Statement No. 69, *Government Combinations and Disposals of Government Operations*, which will be effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis;
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which will be effective for financial statements for reporting beginning after June 15, 2013; and
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, the provisions of this Statement should be applied simultaneously with the provisions of Statement 68.

The Agency has not implemented the aforementioned statements as the statements were deemed not applicable.

### Subsequent Events

The Agency has evaluated subsequent events and transactions through February 24, 2014, the date which the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

### NOTE 3 - CASH AND CASH EQUIVALENTS

In accordance with the provisions of Section 10 of General Municipal Law of New York State, all Agency deposits, including certificates of deposit and special time deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, shall be collateralized by a pledge of eligible securities, letters of credit, or surety bonds.

At December 31, 2013 and 2012, the Agency's deposits were fully insured or collateralized and consisted of the following:

#### December 31, 2013:

	Balance	FDIC Insurance	Pledge Collateral
Chase	645,550	250,000	395,550
Orange County Trust Company	3,017,364	250,000	2,767,364
Sterling National	5,551,890	250,000	5,301,890
	<u>9,214,804</u>	<u>750,000</u>	<u>8,464,804</u>

#### December 31, 2012:

Chase	183,867	250,000	0
Orange County Trust Company	8,293,563	250,000	8,043,563
	<u>8,477,430</u>	<u>500,000</u>	<u>8,043,563</u>

### NOTE 4 - NOTES RECEIVABLE

During 2001, the Agency advanced \$200,000 to Breonics, Inc. as an interest free loan. Terms of the original agreement called for periodic payments of principal over the next five years. During 2002 and 2003, Breonics, Inc. repaid \$20,000 for each year. No payments were received for 2004, 2005 and 2006. In 2007, the Agency received a court order judgment against Breonics, Inc. in the amount of \$233,083. In 2008, the Agency and Breonics, Inc. entered into a settlement agreement to satisfy the judgment against Breonics, Inc. The terms of the settlement agreement were that the Agency was to receive \$258,083, consisting of a \$25,000 cash repayment and \$233,083 of debt that could be converted into ownership of Breonics, Inc. stock. The Agency received a cash payment of \$10,000 in January 2009 and no other payments have been received. As of December 31, 2013, the note receivable is \$248,083, consisting of \$15,000 cash and \$233,083 of convertible debt. The Agency has set up an impairment reserve for the full amount of \$233,083 of the obligation.

On May 5<sup>th</sup>, 2012, the Agency authorized a short term loan in the amount of \$108,000 to Continental Organics, upon certain terms and conditions. The promissory note was dated May 16<sup>th</sup>, 2012 and required to be paid in full, with 1% interest per month accruing, by September 16<sup>th</sup>, 2012. Per resolution approved on December 5<sup>th</sup>, 2012, the short term loan's maturity date was extended to March 31<sup>st</sup>, 2013. On August 14, 2013, Continental Organics paid the remaining balance of the original note receivable.

#### **NOTE 5 - CAPITAL ASSETS**

The following is a summary of the changes in capital assets for the year ended December 31, 2013.

<u>Capital Assets</u>	<u>Balance</u> <u>12/31/2011</u>	<u>Acquisitions</u>	<u>Balance</u> <u>12/31/2012</u>	<u>Acquisitions</u>	<u>Balance</u> <u>12/31/2013</u>
Equipment	28,617	964	29,582	1,912	31,494
Furniture	39,791	0	39,791	0	39,791
Leasehold Improvements	63,847	0	63,847	0	63,847
	<u>132,255</u>	<u>964</u>	<u>133,220</u>	<u>1,912</u>	<u>135,132</u>
Less accumulated depreciation	<u>(22,685)</u>	<u>(11,467)</u>	<u>(34,153)</u>	<u>(11,914)</u>	<u>(46,067)</u>
Capital assets, net	<u>109,570</u>	<u>(10,503)</u>	<u>99,067</u>	<u>(10,002)</u>	<u>89,065</u>

#### **NOTE 6 - DEVELOPMENT COSTS**

The development costs of \$161,750 represent expenditures incurred during 2007 and 2008 relating to the potential acquisition of a 58 acre parcel and a 283 acre parcel located on Drury Lane, Newburgh, New York. The Agency has set up an impairment reserve for the full amount of \$161,750 of the development costs.

#### **NOTE 7 - INVESTMENT IN LIMITED LIABILITY COMPANY**

The Agency has an investment of approximately \$177,692 in New Hampton Technologies, LLC. The investment in this limited liability company is considered non-marketable. This investment is being accounted for under the cost method of accounting. The cost method recognizes income when paid not when earned. The Agency believes there is no impairment of the investment at this time.

#### **NOTE 8 - ORANGE COUNTY BUSINESS ACCELERATOR**

In 2009, the Agency started a new project called the Orange County Business Accelerator (OCBA). The purpose of OCBA is to promote job creation and new business growth. The OCBA offers 10,000 square feet of office, research and development, and flex space designed to attract entrepreneurs by providing businesses with various mentoring programs, high-tech office space, below market occupancy costs and access to venture capital.

The Orange County Business Accelerator has entered into various operating lease agreements with tenants as of December 31, 2013. The minimum future cash rents receivable on non-cancelable leases are as follows:

<u>December 31,</u>	<u>Amount</u>
2014	66,500
2015	74,950
2016	25,250
	<u>166,700</u>

The lease generally also requires reimbursement of the tenant's proportionate share of common area, and other operating expenses, which are not included in the amounts above. At December 31, 2013 and 2012, the OCBA held \$4,150 and \$4,650, respectively in tenant security deposits that will be returned upon termination of the lease.

**NOTE 9 - UNRESTRICTED NET ASSETS - DESIGNATED**

The Agency has designated Net Assets for the following purposes as of December 31,:

	<u>2013</u>	<u>2012</u>
Orange County Empire Zone	5,000	5,000
Hudson Valley Film Commission	10,000	10,000
Orange County Services	0	15,000
Orange County NY Arts Council	45,000	0
Patterns for Progress	17,000	17,000
Hudson Valley Economic Development Corporation	20,000	20,000
Hudson Valley Food & Beverage Alliance	20,000	20,000
PTAC	28,000	24,000
Hudson Valley Agribusiness Development Corporation	25,000	25,000
Orange County Foreign Trade Zone	25,000	25,000
Port Jervis Waterpark	0	55,000
Newburgh Armory	0	56,561
Orange County Partnership	230,000	200,000
OCFC Loan Program	170,000	0
Mount Saint Mary College	0	225,000
Projects	450,000	250,000
	<u>1,045,000</u>	<u>947,561</u>
Total Unrestricted Net Assets - Designated	<u>1,045,000</u>	<u>947,561</u>

**NOTE 10 - RELATED PARTY TRANSACTIONS**

At December 31, 2012, the Orange County Funding Corporation owed the Orange County Industrial Development Agency \$1,789 for expenses that the OCIDA paid on their behalf. During 2013, the Orange County Funding Corporation repaid the amount owed. As of December 31, 2013, there are no balances owed between related parties.

**NOTE 11 - RETIREMENT PLAN**

The Agency has a 403(b) retirement plan covering substantially all of its employees. Participants may contribute a portion of their compensation to the plan, up to the maximum permitted under Section 403(b) of the Internal Revenue Code. The Agency makes matching contributions up to the first 5% of employees' compensation. For the years ended December 31, 2013 and 2012, the Agency made \$3,213 and \$8,409, respectively in matching contributions, which is included in employee benefits on the statement of activities.

**NOTE 12 - OPERATING LEASES**

A lease has been entered into with First Columbia 4-LA, LLC to lease office space located in the Town of New Windsor, New York. The office consists of approximately 10,000 square feet, which is used by the Orange County Business Accelerator. The lease term was 36 months and expired on September 30, 2012. The terms of the lease allows for an automatic renewal option of two one year terms unless notice not to renew is given to the landlord within one year of the expiration of the current lease. OCBA has not given notice of termination at December 31, 2013. The remaining lease payments through September 2014 are as follows:

<u>December 31,</u>	<u>Amount</u>
2014	117,180

**NOTE 13 - OTHER CONTINGENCIES**

The Agency has several claims that are currently being litigated with the support of legal counsel. The results of the litigation are unknown at this time.

**NOTE 14 - SCHEDULE OF BONDS OUTSTANDING**

The Agency helps arrange financing for various commercial ventures in Orange County, New York. These transactions are considered “conduit” transactions as the financing is arranged through the Agency but not done by the Agency. Consequently, these transactions are not reflected on the books and records of the Agency. A supplemental schedule of these transactions is provided later in this report.

## SUPPLEMENTAL SCHEDULES

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
GOSHEN, NEW YORK

SCHEDULE OF BONDS OUTSTANDING - CONDUIT TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>PROJECT</u>	<u>12/31/12 BALANCE</u>	<u>ISSUED</u>	<u>PRINCIPAL PAID</u>	<u>12/31/13 BALANCE</u>
C&S Wholesale Grocers, Inc	2,580,796	0	286,342	2,294,454
Crystal Run Village	2,180,000	0	335,000	1,845,000
First Columbia	2,781,707	0	69,149	2,712,558
Glen Arden, Inc.	21,030,000	0	765,000	20,265,000
Leentjes Amusement Corp	1,004,251	0	43,039	961,212
Orange County Mental Retardation - GRC property *	1,240,000	0	0	1,240,000
President Container Holdings	3,333,353	0	2,916,667	416,686
St. Lukes Hospital	20,140,000	0	935,000	19,205,000
The Hub 1, LLC	3,000,307	0	579,693	2,420,614
Tuxedo Place, L.P. *	10,500,000	0	0	10,500,000
Tuxedo Park School *	6,000,000	0	0	6,000,000
West Point Housing, LLC	128,850,000	0	1,370,000	127,480,000
	<u>\$ 202,640,414</u>	<u>\$ 0</u>	<u>\$ 7,299,890</u>	<u>\$ 195,340,524</u>

\* Denotes that the project did not respond to the confirmation requests.

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**GOSHEN, NEW YORK**

**SCHEDULE OF SUPPLEMENTAL INFORMATION - BONDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Project/Owner	Purpose	Issued/ Maturity Date	Interest Rate	Federal Tax Status	Beginning/ Ending Balances	Estimated Jobs Created/ Retained	Tax Exemptions		PILOTS
							Sales	Real Property	
C&S Wholesale Grocers, Inc 7 Corporate Drive Keene, NY 03431	Wholesale Trade	12/21/2009 12/31/2025	A	Taxable	2,580,796 2,294,454	445 / 285	0	286,542	144,416
Crystal Run Village 601 Stony Ford Road Middletown, NY 10941	Services	6/15/2006 7/1/2021	5.25%	Tax Exempt	2,180,000 1,845,000	N/A / N/A	N/A	N/A	N/A
First Columbia 22 Century Drive - Suite 301 Latham, NY 12110	Services	1/22/2009 2/1/2020	5.61%	Taxable	2,781,707 2,712,558	75 - 80 / 0	0	26,211	26,211
Glen Arden ( Elant) 46 Harriman Drive Goshen, NY 10924	Services	7/1/1998 1/1/2028	5.625%	Tax Exempt	21,030,000 20,265,000	A / 84	A	A	86,123
Leentjes Amusement Corp (d/b/a The Castle) PO Box 1032 Chester, NY 10918	Services	3/1/2008 3/1/2028	6.668%	Taxable	1,004,251 961,212	30 / 40	0	A	51,683
Orange County Mental Retardation - GRC Property * 249 Broadway Newburgh, NY 12550	Services	5/1/1996 5/1/2016							
President Container Holdings 200 West Commercial Avenue Moonachie, NJ 07074	Manufacturing	7/1/2010 6/31/2017	A	Taxable	3,333,353 416,686	222 / 272	0	A	N/A

**NOTE:** Refer to page 23 for the definition of tickmarks noted in the above schedule.

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**GOSHEN, NEW YORK**

**SCHEDULE OF SUPPLEMENTAL INFORMATION - BONDS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Project/Owner	Purpose	Issued/ Maturity Date	Interest Rate	Federal Tax Status	Beginning/ Ending Balances	Estimated Jobs Created/ Retained	Tax Exemptions		PILOTS
							Sales	Real Property	
St. Luke's Cornwall Hospital 70 Dubois Street Newburgh, NY 12550	Services	12/11/2001	2.5% -	Tax Exempt		55 / 67	A	63,823,100 (70 DuBois St.)	A
		12/11/2026	5.58%					8,022,700 (19 Laurel Ave.)	
The Hub 1, LLC 22 US Highway 6 Port Jervis, NY 12771	Services	1/11/2012	5.75%	Taxable	3,000,307	100 / 75	0	0	29,175
		1/11/2022			2,420,614				
Tuxedo Park School * Mountain Farm Road Tuxedo Park, NY 10987	Other	9/11/2002	Variable	Tax Exempt					
		9/11/2022	0.266%						
Tuxedo Place LP * 27 Route 210 Stony Point, NY 10980	Services								
West Point Housing, LLC 10 Campus Boulevard Newton Square, PA 19073	Services	8/11/2008	6.805%	Taxable	128,850,000	34 / 36	0	0	0
		7/11/2042			127,480,000				

**NOTE:** Refer to page 23 for the definition of tickmarks noted in the above schedule.

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**GOSHEN, NEW YORK**

**SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Project/Owner	Purpose	Federal Tax Status	Lease Amount	FTE Employees Before IDA/ Current	Tax Exemptions		PILOTS
					Sales	Real Property	
Airport Properties II 180 Breunig Road New Windsor, NY 12553	Services	Taxable	\$ 15,179,083	0 / 23	0	B	0
Airport Properties VIII 180 Breunig Road New Windsor, NY 12553	Services	Taxable	\$ 0	0 / 0	A	B	A
BHK of America * 11 Bond Street Central Valley, NY 10917	Manufacturing						
C&S Wholesale Grocers, Inc. 7 Corporate Drive Keene, NH 03431	Wholesale Trade	Taxable	\$ 55,248,730	285 / 908	0	286,542	144,416
Carlisle Construction 1285 Ritner Highway Carlisle, PA 17013	Manufacturing	Taxable	\$ 0	0 / 77	134,860	C	C
Continental Organics 320 Mt. Airy Road New Windsor, NY 12553	Wholesale Trade	Taxable	N/A	Feb-35	94,774	A	34,286
CPG Partners, LP 105 Eisenhower Parkway Roseland, NJ 07068	Development	Taxable	A	A / 103	460,479	A	A
CRH Realty II, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	N/A	0 / 395	45,705	0	198,206
CRH Realty VI, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	N/A	0 / 242	306,597	0	8,084

**NOTE:** Refer to page 23 for the definition of tickmarks noted in the above schedule.

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
GOSHEN, NEW YORK**

**SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Project/Owner	Purpose	Federal Tax Status	Lease Amount	FTE Employees Before IDA/ Current	Tax Exemptions		PILOTS
					Sales	Real Property	
Crystal Run Village 601 Stony Ford Road Middletown, NY 10941	Services	Tax Exempt	\$ 3,855,000	N/A	N/A	N/A	N/A
Fairbanks Manufacturing LLC c/o Medora Snacks 79 Industrial Place Ext. Middletown, NY 10941	Manufacturing	Taxable	N/A	N/A	N/A	N/A	N/A
First Columbia 22 Century Drive, Suite 301 Latham, NY 12110	Services	Taxable	\$ 4,110,000	0 / 42	0	26,211	26,211
Gabrielle Manufacturing * 37-21 24th Street Long Island City, NY 11101	Manufacturing	Taxable					
Glen Arden ( Elant ) 46 Harriman Drive Goshen, NY 10924	Services	Tax Exempt	\$ 28,020,000	N/A / 84	A	A	86,123
IBM 1 North Castle Drive Armonk, NY 10504	Manufacturing	Taxable	\$ 0	0 / 433	0	0	533,000
JDP Associates, LLC 17 Erie Boulevard Albany, NY 12204	Services	Taxable	\$ 7,071,517	0 / 26	A	70,347	145,859
Leentjes Amusement Corp (d/b/a The Castle) PO Box 1032 Chester, NY 10918	Services	Taxable	\$ 4,122,000	2 / 45	0	A	51,683
Mediacom 1 Mediacom Way Mediacom Park, NY 10918	Communications	Taxable	\$ 48,830,000	0 / 326	1,704,964	0	28,914

**NOTE:** Refer to page 23 for the definition of tickmarks noted in the above schedule.

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**GOSHEN, NEW YORK**

**SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Project/Owner	Purpose	Federal Tax Status	Lease Amount	FTE Employees Before IDA/ Current	Tax Exemptions		PILOTS
					Sales	Real Property	
Millennium Pipeline PO Box 1565 Pearl River, NY 10965	Gas	Taxable	\$ 0	0 / 0	75,179	0	1,277,300
Millwood Place, LLC PO Box 7417 Newburgh, NY 12550	Services	A	\$ 11,410,312	A / A	A	A	A
Monroe Cable Company, Inc. * 14 Commercial Avenue Middletown, NY 10941	Manufacturing	Taxable					
NYTT, LLC * 975 Belmont Avenue North Haledon, NJ 07508							
Orange County Chamber of Commerce 30 Scotts Corners Drive Montgomery, NY 12549	Services	Taxable	\$ 3,400,000	15 / 12	104,239	843,660	94,056
Orange County Choppers, Inc. * 14 Crossroads Court Newburgh, NY 12550	Manufacturing	Taxable					
Orange County Mental Retardation * 249 Broadway Newburgh, NY 12550	Services						
Pharmline, Inc. 41 Bridge Street Florida, NY 10921	Manufacturer	A	\$ 2,500,000	75 / 85	18,859	0	0
President Container Holdings, Inc. 200 West Commercial Avenue Moonachie, NJ 07074	Finance	Taxable	\$ 5,000,000	0 / 272	0	A	N/A

**NOTE:** Refer to page 23 for the definition of tickmarks noted in the above schedule.

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
GOSHEN, NEW YORK**

**SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Project/Owner	Purpose	Federal Tax Status	Lease Amount	FTE Employees Before IDA/ Current	Tax Exemptions		PILOTS
					Sales	Real Property	
President Container Holdings, Inc. 200 West Commercial Avenue Moonachie, NJ 07074	Finance	Taxable	\$ 5,000,000	0 / 272	0	A	N/A
Satin Fine Foods Inc. & Satin Realty Associates, LLC 37 Elkay Drive, Suite 41 Chester, NY 10918	Other	Taxable	N/A	22 / 62	N/A	0	108,600
Shamrock Creek LLC * 46 Meadowbrook Lane New Windsor, NY 12553	Services	Tax Exempt					
Slate Hill Associates * 2865 Route 6 Slate Hill, NY 10973	Services						
St. Luke's Cornwall Hospital 70 Dubois Street Newburgh, NY 12550	Services	Tax Exempt	\$ 29,920,000	55 / 67	A	68,823,100	A
St. Luke's Cornwall Hospital - Cancer Center 19 Laurel Avenue Cornwall, NY 12518	Services	Tax Exempt	\$ 29,920,000	55 / 67	A	8,022,700	A
Tuxedo Park School * Mountain Farm Road Tuxedo Park, NY 10987	Other	Tax Exempt					
Tuxedo Place LP * 27 Route 210 Stony Point, NY 10980	Services						

**NOTE:** Refer to page 23 for the definition of tickmarks noted in the above schedule.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
GOSHEN, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - TICKMARK LEGEND  
FOR THE YEAR ENDED DECEMBER 31, 2013

Tickmark Legend:

- \* - Denotes that the project did not respond to the confirmation request.
- A - Denotes attribute for which no response was noted on the confirm received.
- B - Denotes attribute for which the property is located at Stewart Airport, which is exempt from real property tax. No tax assessed.
- C - Denotes that the information provided by the Project/Owner was for 2014.
- N/A - Denotes an attribute for which the confirmation respondent noted as not applicable.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
GOSHEN, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - TAX EXEMPTIONS ONLY  
FOR THE YEAR ENDED DECEMBER 31, 2013

Project/Owner	Purpose	Federal		Project Amount	FTE Employees		Tax Exemptions		PILOTS
		Tax Status	A		Before IDA/	Current	Sales	Real Property	
The Hub 1, LLC 22 US Highway 6 Port Jervis, NY 12771	Services	A	A	A	0 / 8	76,511	A	8,083	
West Point Housing, LLC 10 Campus Boulevard Newton Square, PA 19073	Services	Taxable	215,429,043	5 / 70	71,324	A	55,847		