

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(a component unit of the County of Columbia, New York)
EIN 14-1755710
FINANCIAL STATEMENTS
(and Reports of Independent Auditors Required by Office
Of Management and Budget Circular A-133)

December 31, 2014

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of County of Columbia, New York)

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PART I

Financial Statements

And Schedule of Expenditures of Federal Awards



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INDEPENDENT AUDITORS' REPORT

To the Chairman and Board of
Columbia Economic Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Columbia Economic Development Corporation (a component unit of the County of Columbia, New York) (The "Corporation"), as of December 31, 2014, and for the year then ended, and the related notes to the financial statements which collectively comprise Columbia Economic Development Corporation's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from Columbia Economic Development Corporation's 2013 financial statements and, in our report dated March 26, 2014, we expressed an unmodified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Columbia Economic Development Corporation'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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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 respective financial position of the Columbia Economic Development Corporation, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Columbia Economic Development Corporation's basic financial statements. The Schedule of Expenditures of Federal Awards (required by the U.S. Office of Management and Budget Circular A-133, Audits of State, Local governments and Non-Profit Organizations) on pages 23 to 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015 on our consideration of Columbia Economic Development Corporation's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbia Economic Development Corporation's internal control over financial reporting and compliance.

Pattison, Koskey, Howe & Bucci, CPAs, P.C.

Valatie, New York
March 30, 2015

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
MANAGEMENT DISCUSSION AND ANALYSIS

1. Introduction:

Within this section of the Columbia Economic Development Corporation's (the "Corporation") financial statements, the Corporation's management provides narrative discussion and analysis of the financial activities of the Corporation for the year ended December 31, 2014. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements for the year ended December 31, 2014.

2. Overview of the Financial Statements:

The Corporation's basic financial statements include: (1) financial statements, and (2) notes to the financial statements.

Financial Statements:

The Corporation's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Corporation is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated over their useful lives. See notes to the financial statements for a summary of the Corporation's significant accounting policies.

The *Statement of Net Position* presents information on the Corporation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Corporation's financial position.

The *Statement of Revenues, Expenses and Change in Net Position* presents information showing how the Corporation's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future periods.

The *Statement of Cash Flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Corporation's cash accounts are recorded in this statement. A reconciliation is provided at the bottom of the statement of cash flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

Notes to Financial Statements:

The accompanying notes to the financial statements provide information essential to a full understanding of the basic financial statements.

See independent auditors' report

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Financial Highlights:

The revenue budget for 2014 was \$517,900 with a projected loss of \$33,291.

Total revenues were 67.2% more than budget, primarily due to a \$113,330 contribution from a related party (CDLC) as a result of CDLC's dissolution during the year ended December 31, 2014 and \$49,012 of contribution revenue acting in the capacity of fiscal agent for BEHOLD! New Lebanon. Grant revenue was also significantly more than budget. Total expenditures were more than budget by 34.1%, due to \$41,218 of expenses for BEHOLD! New Lebanon and higher than anticipated grant expenses of \$118,587.

4. Financial Statement Analysis:

Below is a comparative summary of the Corporation's Statements of Net Position as of December 31:

	2014	2013
Assets	\$ 3,445,780	\$ 3,296,265
Liabilities		
Current liabilities	\$ 141,321	\$ 116,620
Long-term liabilities	555,246	557,641
Net position	2,749,213	2,622,004
Total liabilities and net position	\$ 3,445,780	\$ 3,296,265

The Corporation's assets primarily consist of cash in banks and money market funds (\$1,590,508 and \$1,419,895 at December 31, 2014 and 2013, respectively). Assets also include property and equipment (\$121,067 and \$123,294 at December 31, 2014 and 2013, respectively) as well as loans receivable (\$1,435,941 and \$1,523,893 at December 31, 2014 and 2013, respectively).

The Corporation's liabilities consist of trade payables, accruals, Commerce Park loans to Columbia County, loans payable-SBA (\$438,233 and \$373,569 at December 31, 2014 and 2013, respectively), unearned revenue (\$235,688 and \$287,192 at December 31, 2014 and 2013, respectively), and land deposits.

See independent auditors' report

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

4. Financial Statement Analysis (Continued):

Below is a comparative summary of the Corporation's statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2014 and 2013:

	2014	2013
Revenues		
Interest on loans	\$ 56,970	\$ 77,815
Administration fees	17,500	20,000
Membership	-	4,350
Columbia County appropriation	437,000	460,000
SBA Grant	-	40,732
CDBG Grant	11,315	38,968
Contribution - BEHOLD!	49,012	-
Contribution from CDLC	113,330	-
Agricultural and market Grant	58,587	47,005
Grant revenue	88,731	27,499
Bank interest	3,559	3,371
Service fee Commerce Park loan	-	443
Other income	10,672	4,070
Total revenue	846,676	724,253
Expenses	719,467	1,040,740
Total revenue in excess of expenses	127,209	(319,986)
Net position at the beginning of the year	2,622,004	2,941,990
Net position at the end of the year	\$ 2,749,213	\$ 2,622,004

See independent auditors' report

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

4. Financial Statement Analysis (continued):

Columbia County's appropriation decreased by \$23,000 in 2014 versus 2013 (\$437,000 and \$460,000, respectively). This was offset by a contribution of \$113,330 from the dissolving of the Columbia Development Leasing Corporation, which ceased operations during the year ended December 31, 2013. The Corporation also received contributions as a result of its relationship as fiscal agent with BEHOLD! New Lebanon, totaling \$49,012.

The Corporation's grant expense increased by \$56,446 during the year ended December 31, 2014, primarily due to expenses associated with the Flanders and Hudson Valley Creamery grants. In addition, program delivery fees increased \$12,269 in 2014 compared to 2013. This was offset by the decrease in contributions to Hudson Valley Agri-Business Development Corporation (\$46,692 and \$11,229 in 2013 and 2014, respectively), and decrease in bad debt, by \$402,344.

5. Additional Information:

This report is prepared for the use of the Corporation's audit committee, management, federal awarding agencies and pass through entities, and members of the public interested in the affairs of the Corporation. Questions with regard to this financial report or requests for additional information may be addressed to the Executive Director, Columbia Economic Development Corporation, 4303 Route 9, Hudson, NY 12534.

COLUMBIA ECONOMIC DEVELOPEMENT CORPORATION
(A Component Unit of Columbia County, New York)
STATEMENT OF NET POSITION
December 31, 2014 (with memorandum only totals at December 31, 2013)

ASSETS

	2014	2013 (memorandum only)
Current assets:		
Cash and cash equivalents	\$ 1,590,508	\$ 1,419,895
Restricted cash	273,279	169,850
Prepaid insurance	407	836
SBA receivable	-	20,311
Grants receivable	24,578	16,530
Loans receivable, current portion	288,213	560,827
Total current assets	2,176,985	2,188,249
Property and equipment, net:		
Equipment, net of \$11,953 and \$9,576 of accumulated depreciation at December 31, 2014 and 2013, respectively	6,333	8,560
Land	114,734	114,734
Total property and equipment, net	121,067	123,294
Other assets:		
Loans receivable, less current portion, net of allowance of \$512,000	1,147,728	963,066
Interest receivable	-	21,656
Total other assets	1,147,728	984,722
Total assets	\$ 3,445,780	\$ 3,296,265

LIABILITIES AND NET POSITION

Current liabilities:		
Accounts payable	\$ 3,531	\$ 379
Accrued expenses	6,815	6,543
Land deposits	12,300	3,300
Loan payable due to Columbia County for land sales, current portion	-	3,278
Loans payable - SBA, current portion	65,826	51,938
Unearned revenue, current portion	52,849	51,182
Total current liabilities	141,321	116,620
Non-Current Liabilities:		
Loans payable-SBA, long-term portion	372,407	321,631
Unearned revenue, long-term portion	182,839	236,010
Total non-current liabilities	555,246	557,641
Total liabilities	696,567	674,261
Net position:		
Unrestricted	2,413,413	2,333,734
Invested in capital assets	121,067	123,294
Restricted		
Commerce Park principal	71,817	71,817
SBA microloan	135,122	93,159
BEHOLD!	7,794	-
Total net position	2,749,213	2,622,004
Total liabilities and net position	\$ 3,445,780	\$ 3,296,265

See independent auditors' report and accompanying notes

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the years ended December 31, 2014 (with memorandum only totals for 2013)

	2014	2013 (memorandum only)
Operating Revenues:		
Administrative fees - related parties	\$ 17,500	\$ 20,000
Grant revenue	88,731	27,499
Grant revenue - CDBG	11,315	38,968
Grant revenue - Agriculture & Market	58,587	47,005
Grant revenue - SBA	-	40,732
Contribution revenue - BEHOLD!	49,012	-
Contribution from CDLC	113,330	-
Service fee on Commerce Park loan	-	443
Interest on loans	56,970	77,815
Membership fees	-	4,350
Other income	10,672	4,070
Total operating revenues	406,117	260,882
Operating Expenses:		
Personnel expense	355,408	353,983
Grant expense	60,000	20,000
Grant expense - CDBG	-	1,997
Grant expense - Agriculture & Market	58,587	40,144
Office expense	61,898	59,738
Contribution - HVADC	11,229	46,692
Program delivery fees	20,663	8,394
Project expenses - BEHOLD!	41,218	-
Professional fees	42,045	33,612
Consulting	22,131	26,050
Insurance	5,287	5,325
Marketing	16,767	17,763
Depreciation	2,377	2,098
Bad debt expense	21,656	424,000
Interest- Commerce Park Loan	201	635
Miscellaneous	-	309
Total operating expenses	719,467	1,040,740
Operating loss	(313,350)	(779,858)
Non-Operating Revenues (Expenses):		
Bank interest	3,559	3,371
Interest expense	-	(3,499)
Total Non-Operating Revenues (Expenses)	3,559	(128)
Appropriation from County of Columbia, NY	437,000	460,000
Change in net position	127,209	(319,986)
Net position, beginning of the year	2,622,004	2,941,990
Net position, end of year	\$ 2,749,213	\$ 2,622,004

See independent auditors' report and accompanying notes

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
STATEMENT OF CASH FLOWS

For the years ended December 31, 2014 (with memorandum only totals for 2013)

	2014	2013 (memorandum only)
Cash flows from operating activities:		
Administrative fees - related parties	\$ 17,500	\$ 20,000
Principal disbursed on loans receivable	(482,500)	(369,095)
Principal received on loans receivable	510,452	438,528
Principal received from Commerce Park	3,278	8,441
Grant revenue	25,901	27,499
Grant-Agricultural and market	58,587	30,475
Grant- SBA	20,311	20,421
Grant- CDBG	11,315	8,689
Contribution - BEHOLD!	49,012	-
Contribution from CDLC	113,330	-
Interest on loans	56,970	73,012
Service fee Commerce Park	-	443
Membership fees	-	4,350
Operating expenses	(631,581)	(608,172)
Other income	10,672	4,070
Net cash (used for) provided by operating activities	(236,753)	(341,339)
Cash flows from noncapital financing activities:		
Principal disbursed on Commerce Park	(3,278)	(8,441)
Appropriation from County of Columbia, NY	437,000	460,000
Payments on loans	(60,336)	(27,728)
Proceeds from loans	125,000	150,000
Net cash provided by noncapital financing activities	498,386	573,831
Cash flows from investing activities:		
Purchase of equipment	(150)	(2,222)
Interest paid	-	(3,499)
Interest received	3,559	3,373
Net cash provided by (used for) investing activities	3,409	(2,348)

See independent auditors' report and accompanying notes notes

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION

(A Component Unit of Columbia County, New York)

STATEMENT OF CASH FLOWS (CONTINUED)

For the years ended December 31, 2014 (with memorandum only totals for 2013)

Cash flows from capital and related financing activities:		
Land deposits	\$ 9,000	\$ -
Restricted cash	(103,429)	(36,011)
Net cash used for capital and related financing activities	<u>(94,429)</u>	<u>(36,011)</u>
Net increase in cash and cash equivalents	170,613	194,133
Cash and cash equivalents at beginning of year	1,419,895	1,225,762
Cash and cash equivalents at end of year	<u>\$ 1,590,508</u>	<u>\$ 1,419,895</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (313,350)	\$ (779,858)
Depreciation expense	2,377	2,098
Provision for loan loss	21,656	424,000
Contingent grant	40,000	-
Changes in assets and liabilities:		
Prepays	429	(308)
Loans receivable	27,952	89,433
SBA receivable	20,311	(13,051)
Grant receivable	(11,326)	(16,530)
Commerce Park principal	3,278	8,441
Accounts payable	3,152	(1,092)
Unearned Revenue	(31,504)	(50,279)
Accrued expenses	272	610
Interest receivable	-	(4,803)
Net cash used in operating activities:	<u>\$ (236,753)</u>	<u>\$ (341,339)</u>
Supplemental Disclosures		
Interest paid	<u>\$ -</u>	<u>\$ 3,499</u>
Non-Cash Activity		
Contingent grant earned	<u>\$ 20,000</u>	<u>\$ 20,000</u>

See independent auditors' report and accompanying notes notes

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
NOTES TO FINANCIAL STATEMENTS

1. Nature of Organization:

Financial Reporting Entity:

The Columbia Economic Development Corporation (“CEDC” or the “Corporation”) was organized for the purpose of promoting and developing industry and job development in Columbia County, New York. The Corporation is a component unit of Columbia County, is a separate entity, and operates independently of the County.

In February 1995, the Corporation agreed to consolidate administrative operations with Hudson Development Corporation (“HDC”) to better coordinate efforts in promoting economic development in Columbia County. The new entity, Columbia Hudson Partnership, LLC (the “Partnership”), managed both organizations’ operations. In 2003, an agreement was signed to dissolve The Partnership and in 2006 the CEDC purchased the entire equity share of HDC. The Corporation now, in effect, solely owns the assets of the Partnership.

Programs of the Corporation:

Operating Fund

The operating fund derives its revenues primarily from Columbia County appropriations and from administrative fees from related parties such as Columbia County Capital Resource Corporation (“CRC”) and Columbia County Industrial Development Agency (“CCIDA”). The fund also derives revenue from interest from loan receivables.

Loan Program – Revolving loan fund

The loan program offers loans to local businesses at a discounted interest rate to attract business to the County as well as expand business growth from existing businesses already located in the County. The fund also is used to continue offering the Microbusiness seminar series and is used to fund expenses as it applies to the administration and delivery of programs.

The loan program receives grant money from time to time from CDBG-NYS. As a requirement of the grant, the loan program awards a contingent grant (usually based on employment goals) to local organizations after meeting certain NYS grant requirements. If requirements of the grant are not met by the local organization, the grant converts to a loan. The Corporation treats these arrangements as loans until the contingencies are met. As of December 31, 2014, the Corporation’s loans receivables include \$387,500 of these loan types comprised of:

	Original Loan Balance	Loan Balance at December 31, 2014
Flanders/Precisionaire Corporation	\$ 200,000	\$ 160,000
Local Ocean	167,500	167,500
Hudson Valley Creamery	100,000	60,000
	\$ 467,500	\$ 387,500

The Local Ocean loan is in default and is fully reserved.

See independent auditors’ report

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Nature of Organization (Continued):

CDBG Small Cities

The program was funded by a 267HR32-04 grant and 267ED424-02 grant. In 2012, 2 new Grants were added, 267IT158-11 and 267ED760-11. These grants are described as follows:

Grant funds received with performance requirements are recorded as unearned revenue in the period granted. The Corporation records a receivable for the amount of the loan lent out or grant made to the third party business. As obligations are met, the loan is paid off or written down and the loan balance is earned or forfeited. Unearned revenue is recognized in income as performance obligations are met and contingent grants made are recognized in expense as earned by the grantee.

267ED424-02 Grant

The 267ED424-02 grant offered assistance to local businesses by offering low interest business loans. The Corporation receives interest and principal payments on a monthly basis. At December 31, 2014, the loan balance outstanding was \$50,353.

267HR32-04 Grant

This grant is a farm work housing protection program that offered loans to local farmers for upgraded housing provided to migrant farm workers throughout the county. The recipients received an interest free loan as long as certain requirements were met. There are no continuing compliance requirements for this grant program. At December 31, 2014, there were no balances remaining on these loans.

267IT158-11 Grant

This grant was offered under the conditions of imminent threat and is available to farmers that suffered losses due to hurricanes and flooding to help them recover and continue servicing the communities. There are no continuing compliance requirements for this grant program.

267ED760-11 Grant

The 267ED760-11 grant offered assistance to local businesses to promote growth in the area and increase employment. The Corporation receives interest and principal payments on a monthly basis for the outstanding loan and the grant has contingent terms (e.g. employment targets) that must be met over a period of time. If the recipient fails to meet the requirements of the grant, the proceeds are to be paid back to the Corporation. The Corporation in turn is obligated to remit the funds back to the CDBG unless permission is granted to re-distribute the funds. At December 31, 2014, the outstanding balance was \$181,360.

Microbusiness Program

The microbusiness program is funded by the loan program. The program offers technical assistance to local businesses. The program also offers seminars taught by local business owners and professionals.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Nature of Organization (Continued):

SBA-Microloan Program

Loans are provided to small businesses in Columbia and Greene Counties funded by the Small Business Administration (SBA). Loans over 120 days past due are required to be charged off. The loan maturity date should not exceed six years on Microloans. The Corporation may charge up to 7.75% over the Corporation's cost of funds on a microloan of more than \$10,000 and up to 8.5% over the Intermediary's cost of funds on a microloan of \$10,000 or less. Amounts loaned to the Corporation are maintained in a restricted revolving loan fund. The Corporation is also required to maintain a separate loan loss reserve fund with its own funds representing at least 15% of SBA funds received.

2. Summary of Significant Accounting Policies:

Basis of Accounting:

The financial statements of the Corporation have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities. Revenues are recorded when earned and expenses are recorded when incurred. In accordance with accounting principles generally accepted in the United States of America, the Agency applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. The Corporation applies GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The Corporation has chosen to only apply GASB pronouncements. The Corporation does not apply any Financial Accounting Standards Board (FASB) or AICPA pronouncements post November 30, 1989, as clarified by GASB No. 62. The government-wide financial statements include the Corporation's only governmental fund (single enterprise fund).

Deferred Outflows/Inflows of Resources:

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

Statement 63 changed how governments organize their statements of financial position (such as the current government-wide statement of net assets and the governmental funds balance sheet).

As a result of Statement 63, financial statements will include deferred outflows of resources and deferred inflows of resources ("deferrals"), in addition to assets and liabilities, and will report net position instead of net assets.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of Significant Accounting Policies (Continued):

Prior Year Amounts:

Amounts shown for December 31, 2013, in the accompanying statements are included to provide a basis for comparison with December 31, 2014 and present summarized totals only. Accordingly, the December 31, 2013 amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America. Certain amounts have been reclassified to conform to the current year presentation.

Budgetary Data:

The budget policies are as follows:

In October of each year the executive director submits a tentative budget to the Board of Directors for the next fiscal year which begins the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those amounts.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

The Corporation's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Corporation has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions in Columbia County, New York.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term.

Revenue Recognition:

Contribution revenue is recognized in the period it is unconditional, measurable, and future installments are considered probable of collection. Contribution revenue that is restricted as a result of a purpose or time restriction is included as a component of "restricted net position", when applicable.

Administrative revenue is recognized in the period services are provided and payments are generally received from related parties on a quarterly basis. Grant revenue is recognized on cost reimbursable contracts in the period the costs are incurred. Advances on grants prior to costs being incurred in accordance with the terms of the grant agreement are deferred until the period costs are incurred.

See independent auditors' report

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of Significant Accounting Policies (Continued):

Revenue Recognition (continued):

Interest on loans is recognized in the period earned over the life of the related loans receivable.

Operating revenues include revenue generated from ongoing operating activities. Non-operating revenues include investing, financing and other non-recurring activities (i.e., forgiveness of Commerce Park loan principal).

Income Taxes:

A provision for income tax has not been provided for in these financial statements, as the Corporation is a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements, according to FASB ASC 740-10. Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred. The Organization is no longer subject to examination by federal and state taxing authorities for years subsequent to fiscal year ended December 31, 2011.

Columbia County Appropriation:

For the year ended December 31, 2014, Columbia County appropriated \$437,000 for unrestricted use by the Corporation. The Corporation recognizes appropriated income in the period appropriated.

Cash and Cash Equivalents:

The Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Property and Equipment:

Property and equipment are stated at cost and fair market value for donated items. Maintenance and repairs are expensed as incurred whereas major repairs and betterments are capitalized. Property and equipment comprise office equipment, furniture and software. Depreciation is provided for using the straight-line method over the estimated useful lives of the respective assets, which are:

Computer/Software	3 years
Furniture and Equipment	5 – 10 years

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of Significant Accounting Policies (Continued):

Loans and Allowance for Loan Losses:

Loans are stated at their recorded investment, which is the amount of unpaid principal, reduced by an allowance for loan losses. Interest is calculated by using the simple interest method.

The allowance for loan losses reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. The Corporation uses a disciplined process and methodology to establish the allowance for loan losses. To determine the total allowance for loan losses, management estimates the reserves needed for each loan outstanding.

To determine the balance of the allowance account, loans are evaluated on a case by case basis and future losses are projected using historical experience adjusted for current economic and industry conditions. Management exercises significant judgment in determining the estimation method that fits the credit risk characteristics of each case. Management must use judgment in establishing additional input factors for estimating purposes. The assumptions used to determine the allowance are periodically reviewed by management to ensure that their theoretical foundation, assumptions, data integrity, computational processes, and reporting practices are appropriate and properly documented.

The establishment of the allowance for loan losses relies on a consistent process that requires multiple layers of management review and judgment and responds to changes in economic conditions, customer behavior, and collateral value, among other influences. From time to time, events or economic factors may affect the loan portfolio, causing management to provide additional amounts to, or release balances from, the allowance for loan losses.

Management monitors differences between estimated and actual incurred loan losses. This monitoring process includes periodic assessments by senior management of loan portfolios and the assumptions used to estimate incurred losses in those portfolios. Additions to the allowance for loan losses are made by charges to the provision for loan losses. Credit exposures deemed to be uncollectible are charged against the allowance for loan losses. Recoveries of previously charged off amounts are credited to the allowance for loan losses.

Concentration of Credit and Market Risk:

Financial instruments that potentially expose the Corporation to concentrations of credit and market risk consist primarily of cash and cash equivalents and loans receivable. Cash and cash equivalents are maintained at Federal Deposit Insurance Corporation insured financial institutions and credit exposure is limited to any one institution.

Concentrations of credit risk with respect to notes receivables are limited due to the diverse industry backgrounds of its borrowers. Furthermore, management feels its borrower approval processes and regular review of provisions for loan losses, adequately provides for any material credit risks. Generally, sufficient collateral or a personal guarantee is obtained for all loans at the time of disbursement. Collateral is generally in the form of a mortgage on real property or a chattel lien on equipment title.

See independent auditors' report

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of Significant Accounting Policies (Continued):

Related Party Transactions:

In the ordinary course of business, the Corporation has and expects to continue to have transactions, including borrowings, with its officers, directors, and their affiliates.

Balance, December 31, 2013	\$	55,697
Disbursements (repayments), net		<u>(45,177)</u>
Balance, December 31, 2014	\$	<u>10,520</u>

The above balance at December 31, 2014 represents a loan with a company that is controlled by a former board member. The original loan amount was for \$400,000 with an interest rate of 1.0%. The company makes a monthly payment of \$3,504 and the loan matures in March 2015. Total interest income for 2014 was \$206.

During the year ended December 31, 2014, the Columbia Development Leasing Corporation (“CDLC”) was dissolved and transferred its assets to the Corporation as part of this dissolution, totaling \$113,330. In addition to these transfers of assets, the Corporation received administrative fees from CCIDA and CRC (\$12,500 and \$5,000, respectively) for support services to carry out each of the entity’s functions and purpose.

The Corporation participates in Commerce Center Land Sales with the Columbia County Industrial Development Agency. The Corporation pays a stipend, called Commerce Park Expense as the Agency plays an administrative role in the transfer of the land.

The Executive Director of the Corporation is an employee of Columbia County, New York.

Interest Income on Loans:

Interest on loans is accrued and credited to income based on the principal amount outstanding. The accrual of interest on loans is discontinued when, in accordance with adopted policies, there is an indication that the borrower may be unable to meet payments as they become due. Upon such discontinuance, all unpaid accrued interest is reversed. During the year ended December 31, 2014, \$21,656 of accrued interest was deemed uncollectible and was charged to bad debt expense.

Subsequent Events:

Subsequent events have been evaluated through March 30, 2015, which is the date the financial statements were available to be issued.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Cash and Cash Equivalents:

Cash and cash equivalents at December 31, 2014 were comprised of the following:

Bank	Book Balance	Bank Balance	FDIC Insurance	In Excess
First Niagara Bank	\$ 700,048	\$ 711,319	\$ 250,000	\$ 461,319
National Union Bank of Kinderhook	889,710	889,710	250,000	639,710
TD Bank	750	750	250,000	-
	<u>\$ 1,590,508</u>	<u>\$ 1,601,779</u>		<u>\$ 1,101,029</u>

The Corporation holds an account on behalf of BEHOLD! New Lebanon (“BEHOLD!”), a not for profit entity that has not yet established 501(c)(3) status. The cash account is to receive contributions and make payments for operating costs. The balance in the account at December 31, 2014 was \$10,097.

4. Restricted Cash:

Restricted cash at December 31, 2014, consisted of the following:

Small Business Administration program	<u>\$ 273,279</u>
Total Restricted Cash	<u>\$ 273,279</u>

The Small Business Administration requires the Corporation to keep the SBA bank accounts restricted as they only can be used for small business loans.

5. Loans:

During the year ended December 31, 2014, the Corporation loaned \$482,500 to 12 local businesses.

A summary of loan activity is as follows:

	Balance at December 31, 2013	New Lendings	Payments	Other Adjustments	Balance at December 31, 2014
Operating Fund	\$ 17,918	\$ -	\$ 17,918	\$ -	\$ -
Loan Fund	1,334,146	320,000	288,348	40,000	1,325,798
CDBG Small Cities	357,951	-	44,884	20,000	293,067
SBA Microloan	325,878	162,500	159,302	-	329,076
	<u>2,035,893</u>	<u>\$ 482,500</u>	<u>\$ 510,452</u>	<u>\$ 60,000</u>	<u>1,947,941</u>
Less: Allowance for loan losses	<u>(512,000)</u>				<u>(512,000)</u>
Total Loans	<u>\$ 1,523,893</u>				<u>\$ 1,435,941</u>

See independent auditors' report

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Property and Equipment:

A summary of property and equipment is as follows as of December 31, 2014:

	December 31, 2013	Acquisitions	Disposals	December 31, 2014
Computer equipment	\$ 18,136	\$ 150	\$ -	\$ 18,286
Land	114,734	-	-	114,734
	132,870	150	-	133,020
Accumulated depreciation	(9,576)	(2,377)	-	(11,953)
Total Property and Equipment	<u>\$ 123,294</u>	<u>\$ (2,227)</u>	<u>\$ -</u>	<u>121,067</u>

Depreciation expense was \$2,377 during the year ended December 31, 2014.

7. Restricted Net Position:

Restricted net position at December 31, 2014, consists of Commerce Park Land principal and interest, and restricted contributions within the operating fund. All activities, assets and liabilities of each of these programs are reported within a restricted fund. These funds are as follows:

Commerce Park	\$ 71,817
SBA loan program	135,122
BEHOLD!	7,794
Total Restricted Net Position	<u>\$ 214,733</u>

For one year only the Organization did not remit the principal back to Columbia County, New York for Commerce Park loans. The principal is to be retained by the Organization to aide in the construction of the water tower within Commerce Park.

During the year ended December 31, 2014, the Corporation received contributions on behalf BEHOLD! as a fiscal agent, totaling \$49,012, of which \$41,218 was spent and released from restrictions.

8. SBA Microloan Program:

Since 2003 the Corporation took the steps toward acquiring the Hudson Development Corporation's SBA loan portfolio by establishing a small business loan program. The Corporation acquired the SBA loan program in 2008. Total loans outstanding, net of an allowance under this program, totaled \$300,076 at December 31, 2014.

The Corporation borrows money from SBA loan awards in order to fund loans given to businesses participating in the SBA program. The following illustrates the amounts payable to the SBA:

Balance at December 31, 2013	Drawdowns	Payments	Balance at December 31, 2014
\$ 373,569	\$ 125,000	\$ 60,336	\$ 438,233

See independent auditors' report

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. SBA Microloan Program (Continued):

Once draws have been made from the SBA loan awards, the Corporation pays the SBA back based on an amortization schedule for each specific drawdown. The following shows the combined expected payout of the SBA drawdowns—Draw Three, Draw Four, and Draw Five:

December 31	Balance
2015	\$ 65,826
2016	65,826
2017	65,826
2018	65,826
2019	63,820
Thereafter	111,109
Total	<u>\$ 438,233</u>

Each drawdown has payments of principal and interest, with each drawdown having a separate interest rate based on the agreement—1.5% (Draw Three), 1.625% (Draw Four), and 0.75% (Draw Five), per annum.

9. Commerce Park Land:

Beginning in 2005, Columbia County initiated a program to sell undeveloped land it owns in Commerce Park through a component unit, the Columbia County IDA. The Corporation works directly with the buyer on the County’s behalf. The Corporation receives a deposit from the buyer and in turn uses this money to pay for surveying and legal fees associated with the transfer of the land. At the closing of the parcel, the CEDC will assume a mortgage for the purchase price of the land.

The Corporation recognizes a receivable due from the buyer and a liability to the County for the same amount. The CCIDA plays an administrative role in the transfer of the land and receives a stipend from the first payment made. The CEDC retains the interest portion as payment for servicing the loans and the remaining principal portion is forwarded to the County. In 2008 and only for 2008, the CEDC retained the principal and interest payments. No amounts were remitted in 2008 to the County. The Corporation will use the principal payments not remitted to the County to build a water tower in Commerce Park for the County of Columbia. The principal forgiven during 2008 was recognized as revenue.

During the year ended December 31, 2014, the Corporation received two deposits of \$4,500 each from two companies expected to purchase land in the Commerce Park in 2015.

10. Pension Plan:

The Corporation has a SARSEP pension plan. The Corporation pays 5% of eligible employee’s gross wages each year. For the year ended December 31, 2014, the Corporation recorded \$12,418 in pension expense.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. Regulatory Oversight:

During the year ended December 31, 2014, the Corporation was notified that it would be subject to a review by the New York State Authorities Budget Office (ABO). The ABO is currently conducting its review and a report is expected to be issued in the near future. The outcome of the ABO's review is uncertain.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014

Federal Grantor/Program Title/Pass Through Entity	Program	Award#	Federal Expenditures	CFDA Number
Department of Housing and Urban Development—Community Development Block Grant Pass through – Columbia County, New York	CDBG	267ED760-11	\$ 225,832	14.228
Total CDBG Cluster			<hr/> 225,832	
ARRA - Small Business Administration	Microloan program	5343184306 4813855005 6272215007	132,669 240,900 125,000	59.046 59.046 59.046
Total Microloan Cluster			<hr/> 498,569	
Total Expenditures of Federal Awards			<hr/> \$ 724,401 <hr/>	

See independent auditors' report and accompanying notes to Schedule of Federal Awards

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
NOTES TO SCHEDULE OF FEDERAL EXPENDITURES
December 31, 2014

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") has been prepared as required under OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. The purpose of the schedule is to present a summary of those activities of Columbia Economic Development Corporation for the year ended December 31, 2014 using the accrual basis of accounting. For purposes of this schedule, federal awards include any assistance provided by a federal agency directly or indirectly in the form of grants, contracts, cooperative agreements, direct appropriations, loans and loan guarantees, and other noncash assistance. Because the schedule presents only a selected portion of the activities of the Organization, it is not intended to, and does not, present either the financial position, or statement of activities and other changes in net assets of the Organization.

2. Indirect Costs

Indirect costs are charged to federal grants and contracts when applicable at a predetermined rate.

3. Sub-recipients

None of the federal awards presented in the accompanying schedule of expenditures of federal awards were provided to sub-recipients for the year ended December 31, 2014.

PART II

Reports on Internal Control and Compliance



PATTISON, KOSKEY, HOWE & BUCCI, CPAs, P.C.

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Jean Howe Lossi, EA
N. Thérèse Wolfe, EA
Carol LaMont Howe, EA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

To the Chairman and the Board of
Columbia Economic Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Columbia Economic Development Corporation as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Columbia Economic Development Corporation's basic financial statements, and have issued our report thereon dated March 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Columbia Economic Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Columbia Economic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Columbia Economic Development Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbia Economic Development Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattison, Koskey, Howe & Bucci, CPAs, P.C.

Valatie, New York
March 30, 2015



PATTISON, KOSKEY, HOWE & BUCCI, CPAs, P.C.

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

Independent Auditors' Report

To the Chairman and the Board of
Columbia Economic Development Corporation

Report on Compliance for Each Major Federal Program

We have audited Columbia Economic Development Corporation's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Columbia Economic Development Corporation's major federal programs for the year ended December 31, 2014. Columbia Economic Development Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Columbia Economic Development Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Columbia Economic Development Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Columbia Economic Development Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, Columbia Economic Development Corporation complied, in all material respects, with the types of the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control over Compliance

The management of Columbia Economic Development Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Columbia Economic Development Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Columbia Economic Development Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Pattison, Koskey, Howe & Bucci, CPAs, P.C.

Valatie, New York
March 30, 2015

PART III

Schedule of Findings and Questioned Costs

And Summary Schedule of Prior Audit Findings

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2014

A. Summary of Audit Results

Financial Statements

Type of auditors' report issued.	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs	Unqualified
Any audit findings required to be reported in accordance with Section 510(a) of Circular A-133?	No

Major Program:

Grant Title	CFDA Number	Federal Expenditures
ARRA - Small Business Administration-Microloan program	59.046	\$ 498,569
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000	
Auditee qualified as a low-risk auditee?	Yes	

B. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Auditing Standards

None

C. Findings Related to Section 510 (a) of Circular A-133

None

D. Summary Schedule of Prior Audit Findings

None