

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

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

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FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of  
Orange County Industrial Development Agency  
4 Crotty Lane  
New Windsor, NY 12553

### 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 (OCIDA or the Agency), a component unit of Orange County, New York as of and for the years ended December 31, 2015 and 2014, 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, 2015 and 2014, 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 March 7, 2016 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  
March 7, 2016

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY & COMPONENT UNIT**  
**NEW WINDSOR, 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, 2015. 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 2015**

- The OCIDA's net assets increased by \$5,494,617 from \$9,771,633 to \$15,266,250.
- Operating revenues increased by \$5,666,075 from \$2,356,945 to \$8,023,020.
- Operating expenses increased by \$40,755 from \$2,487,648 to \$2,528,403.

**SUMMARY OF OPERATIONS**

<b><u>Revenues:</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>Over/Under</u></b>
Fees	\$ 6,660,127	\$2,036,876	\$4,623,251
Rental Income	106,470	111,248	(4,778)
Grant Income	1,108,000	108,000	1,000,000
Interest Income	50,880	38,319	11,961
Recovered Funds	23	523	(500)
Miscellaneous	97,520	61,379	36,141
Total Revenues	<u>\$ 8,023,020</u>	<u>\$2,356,945</u>	<u>\$5,666,075</u>
<b><u>Expenses:</u></b>			
Administrative expenditures	\$ 1,272,508	\$1,235,576	\$ 36,932
Projects	1,246,877	1,062,006	184,871
Depreciation	9,018	12,374	(3,356)
Impairment Loss	0	177,692	(177,692)
Total Expenses	<u>\$ 2,528,403</u>	<u>\$ 2,487,648</u>	<u>\$ 40,755</u>

**FINANCIAL POSITION SUMMARY**

Net Assets serve as an indicator of the Agency's financial position. The Agency's Net Assets were \$15,266,250 and \$9,771,632 at December 31, 2015 and 2014, an increase of \$5,494,618 or 56%. Liabilities were \$158,286 and \$378,722 at December 31, 2015 and 2014, a decrease of \$220,436.

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, 2015 and 2014. 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**  
**NEW WINDSOR, NEW YORK**

**STATEMENTS OF NET ASSETS**  
**DECEMBER 31,**

	<u>OCIDA /</u> <u>OCBA</u>	<u>OCFC</u>	<u>2015</u> <u>Total</u>	<u>2014</u> <u>Total</u>
<b><u>ASSETS:</u></b>				
<b><u>Current Assets:</u></b>				
Cash and Cash Equivalents	5,525,778	797,462	6,323,240	5,711,559
Certificates of Deposit	5,182,003	0	5,182,003	3,861,052
Accounts Receivable - Current Portion	1,016,503	250,000	1,266,503	447,253
Accrued Interest Receivable	5,835	0	5,835	3,333
Prepaid Expense	13,544	9,809	23,353	23,775
Total Current Assets	<u>11,743,663</u>	<u>1,057,271</u>	<u>12,800,934</u>	<u>10,046,972</u>
Capital Assets - Net	87,517	0	87,517	88,734
<b><u>Other Assets:</u></b>				
Accounts Receivable - Long Term Portion	2,021,437	500,000	2,521,437	0
Security Deposit	14,648	0	14,648	14,648
Total Other Assets	<u>2,036,085</u>	<u>500,000</u>	<u>2,536,085</u>	<u>14,648</u>
<b>TOTAL ASSETS</b>	<b><u>13,867,265</u></b>	<b><u>1,557,271</u></b>	<b><u>15,424,536</u></b>	<b><u>10,150,354</u></b>
<b><u>LIABILITIES AND NET ASSETS:</u></b>				
<b><u>Current Liabilities:</u></b>				
Accounts Payable and Accrued Expenses	147,935	6,351	154,286	374,122
Tenant Security Deposits	4,000	0	4,000	4,600
Total Current Liabilities	<u>151,935</u>	<u>6,351</u>	<u>158,286</u>	<u>378,722</u>
<b><u>Net Assets:</u></b>				
Investment in Capital Assets	87,517	0	87,517	88,734
Unrestricted Net Assets - Designated	1,767,000	520,000	2,287,000	3,770,000
Unrestricted Net Assets - Undesignated	11,860,813	1,030,920	12,891,733	5,912,898
Total Net Assets	<u>13,715,330</u>	<u>1,550,920</u>	<u>15,266,250</u>	<u>9,771,632</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>13,867,265</u></b>	<b><u>1,557,271</u></b>	<b><u>15,424,536</u></b>	<b><u>10,150,354</u></b>

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

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

			<u>2015</u>	<u>2014</u>
	<u>OCIDA / OCBA</u>	<u>OCFC</u>	<u>Total</u>	<u>Total</u>
<b><u>REVENUES:</u></b>				
Fee Income	2,917,316	0	2,917,316	1,358,126
Closing Fees	3,622,811	120,000	3,742,811	678,750
Rental Income	106,470	0	106,470	111,248
Grant Income	0	1,108,000	1,108,000	108,000
Interest Income	50,013	867	50,880	38,919
Recovered Funds	23	0	23	523
Administrative Fees	87,500	10,020	97,520	57,500
Other Income	0	0	0	3,879
<b>Total Revenues</b>	<b>6,784,133</b>	<b>1,238,887</b>	<b>8,023,020</b>	<b>2,356,945</b>
<b><u>EXPENSES:</u></b>				
Projects	992,319	254,558	1,246,877	1,062,006
Contractual Expenses	398,746	0	398,746	432,579
Payroll	206,893	0	206,893	163,963
Payroll Taxes	18,414	0	18,414	15,301
Payroll Administration Fees	3,636	0	3,636	2,870
Employee Benefits	20,849	0	20,849	18,927
Rent	175,770	0	175,770	175,770
Management Fees	46,500	0	46,500	78,500
Professional Fees	162,144	11,725	173,869	136,036
Advertising	54,194	0	54,194	69,991
Repairs and Maintenance	66,310	0	66,310	46,991
Telephone	9,912	0	9,912	10,332
Utilities	40,466	0	40,466	33,363
Office Expense	14,891	519	15,410	15,931
Travel and Entertainment	2,924	0	2,924	3,400
Automobile Expense	997	0	997	1,818
Conferences and Seminars	14,289	0	14,289	6,213
Insurance	10,954	10,172	21,126	21,311
Dues and Subscriptions	2,193	0	2,193	2,270
Miscellaneous Expense	10	0	10	10
Depreciation Expense	9,018	0	9,018	12,374
Impairment Loss	0	0	0	177,692
<b>Total Expenses</b>	<b>2,251,429</b>	<b>276,974</b>	<b>2,528,403</b>	<b>2,487,648</b>
<b>CHANGE IN NET ASSETS</b>	<b>4,532,704</b>	<b>961,913</b>	<b>5,494,617</b>	<b>(130,703)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>9,182,626</b>	<b>589,007</b>	<b>9,771,633</b>	<b>9,902,335</b>
<b>NET ASSETS, END OF YEAR</b>	<b>13,715,330</b>	<b>1,550,920</b>	<b>15,266,250</b>	<b>9,771,632</b>

The notes are an integral part of the financial statements.

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

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

	<u>OCIDA /</u> <u>OCBA</u>	<u>OCFC</u>	<u>2015</u> <u>Total</u>	<u>2014</u> <u>Total</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
Change in Net Assets	4,532,704	961,913	5,494,617	(130,703)
<u>Adjustments to Reconcile Change in Net</u> <u>Assets to Net Cash Provided By</u> <u>Operating Activities:</u>				
Depreciation	9,018	0	9,018	12,374
Impairment Allowance	0	0	0	177,692
<u>Changes in Assets and Liabilities:</u>				
Accounts Receivable	(2,590,687)	(750,000)	(3,340,687)	115,301
Prepaid Expense	450	(28)	422	(1,521)
Accrued Interest	(2,502)	0	(2,502)	(360)
Deferred Income	0	0	0	(1,450)
Tenant Security Deposits	(600)	0	(600)	450
Accounts Payable and Accrued Expenses	(207,890)	(11,945)	(219,835)	198,063
Total Adjustments	<u>(2,792,211)</u>	<u>(761,973)</u>	<u>(3,554,184)</u>	<u>500,549</u>
Net Cash Provided by Operating Activities	1,740,493	199,940	1,940,433	369,846
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
Purchase of Fixed Assets	(7,801)	0	(7,801)	(12,044)
Redemption of Certificates of Deposit	3,861,052	0	3,861,052	3,842,782
Purchase of Certificates of Deposit	<u>(5,182,003)</u>	<u>0</u>	<u>(5,182,003)</u>	<u>(3,861,052)</u>
Net Cash Used in Investing Activities	(1,328,752)	0	(1,328,752)	(30,314)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	411,741	199,940	611,681	339,532
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>5,114,037</u>	<u>597,522</u>	<u>5,711,559</u>	<u>5,372,027</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u><u>5,525,778</u></u>	<u><u>797,462</u></u>	<u><u>6,323,240</u></u>	<u><u>5,711,559</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**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, certificates 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, 2015 and 2014 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, 2015 and 2014.

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, 2015, no new accounting pronouncements were adopted.

The GASB had recently issued the following new statements:

- Statement No. 72, *Fair Value Measurement and Application*, which are effective for fiscal years beginning after June 15, 2015;
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which are effective for reporting periods beginning after June 15, 2015;
- Statement No. 77, *Tax Abatement Disclosures*, which are effective for reporting periods beginning after December 15, 2015;
- Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which are effective for reporting periods beginning after December 15, 2015;
- Statement No. 79, *Certain External Investment Pools and Pool Participants*, the requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for reporting periods beginning after December 31, 2015.

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 March 7, 2016, 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.

### **NOTE 3 - CASH AND CASH EQUIVALENTS - CONTINUED**

At December 31, 2015 and 2014, the Agency's deposits were fully insured or collateralized and consisted of the following:

#### December 31, 2015

	Balance	FDIC Insurance	Pledge Collateral
Chase	502,379	250,000	252,379
Orange County Trust Company	833,358	250,000	583,358
Sterling National	4,987,503	250,000	4,737,503
	<u>6,323,240</u>	<u>750,000</u>	<u>5,573,240</u>

#### December 31, 2014

Chase	453,249	250,000	203,249
Orange County Trust Company	643,020	250,000	393,020
Sterling National	4,615,290	250,000	4,365,290
	<u>5,711,559</u>	<u>750,000</u>	<u>4,961,559</u>

### **NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable is comprised of various repayment agreements and project closing fee balances due to the Orange County Industrial Development Agency as of December 31, 2015 and 2014.

At December 31, 2015, future minimum receipts related to accounts receivable are as follows:

2016	1,266,503
2017	1,180,816
2018	707,066
2019	533,316
2020	33,316
Thereafter	66,923
	<u>3,787,940</u>

### **NOTE 5 - 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, 2015, the note receivable is \$248,083. The Agency has set up an impairment reserve for the full amount of the obligation.

**NOTE 6 - CAPITAL ASSETS**

The following is a summary of the changes in capital assets for the year ended December 31, 2015.

<u>Capital Assets</u>	<u>Balance</u> <u>12/31/2013</u>	<u>Acquisitions</u>	<u>Balance</u> <u>12/31/2014</u>	<u>Acquisitions</u>	<u>Balance</u> <u>12/31/2015</u>
Equipment	31,494	12,044	43,538	7,801	51,339
Furniture	39,791	0	39,791	0	39,791
Leasehold Improvements	63,847	0	63,847	0	63,847
	<u>135,132</u>	<u>12,044</u>	<u>147,176</u>	<u>7,801</u>	<u>154,977</u>
Less accumulated depreciation	<u>(46,067)</u>	<u>(12,375)</u>	<u>(58,442)</u>	<u>(9,018)</u>	<u>(67,460)</u>
Capital assets, net	<u>89,065</u>	<u>(331)</u>	<u>88,734</u>	<u>(1,217)</u>	<u>87,517</u>

**NOTE 7 - 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 8 - 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. During the year ended December 31, 2014, management of the Agency determined that a reserve should be recorded against the full value of the investment. As such, an impairment loss of \$177,692 was recognized in 2014.

**NOTE 9 - ORANGE COUNTY BUSINESS ACCELERATOR**

In 2009, the Agency started 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 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, 2015 and 2014, the OCBA held \$4,000 and \$4,600, respectively in tenant security deposits that will be returned upon termination of the lease.

**NOTE 10 - UNRESTRICTED NET ASSETS - DESIGNATED**

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

	<u>2015</u>	<u>2014</u>
Hudson Valley Film Commission	10,000	10,000
Orange County NY Arts Council	45,000	45,000
Patterns for Progress	17,000	17,000
Hudson Valley Economic Development Corporation	14,500	14,500
Hudson Valley Economic Development Network	5,500	5,500
Hudson Valley Food & Beverage Alliance	20,000	20,000
PTAC	28,000	28,000
Hudson Valley Agribusiness Development Corporation	25,000	25,000
Orange County Foreign Trade Zone	25,000	25,000
Orange County Partnership	277,000	260,000
OCFC Loan Program	170,000	170,000
Projects	<u>1,650,000</u>	<u>3,150,000</u>
Total Unrestricted Net Assets - Designated	<u><u>2,287,000</u></u>	<u><u>3,770,000</u></u>

**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, 2015 and 2014, the Agency made \$6,308 and \$3,999, 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. By way of a third amendment, the OCBA and First Columbia agreed to extend the term of the lease commencing on October 19, 2014 and expiring on December 31, 2015, with the same automatic renewal option of two one year terms. The remaining lease payments, which are the two one year renewal periods, are as follows:

<u>December 31,</u>	<u>Amount</u>
2016	<u>175,770</u>
2017	<u>175,770</u>
	<u><u>351,540</u></u>

**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. Management does not expect the results of the pending litigation to have a material effect on the financial position of the Agency.

**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  
NEW WINDSOR, NEW YORK

SCHEDULE OF BONDS OUTSTANDING - CONDUIT TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>PROJECT</u>	<u>12/31/14</u> <u>BALANCE</u>	<u>ISSUED</u>	<u>PRINCIPAL</u> <u>PAID</u>	<u>(1)</u> <u>ADJUSTMENTS</u>	<u>12/31/15</u> <u>BALANCE</u>
Crystal Run Village	\$ 1,515,000	\$ 0	\$ 335,000	\$ 0	\$ 1,180,000
Glen Arden, Inc.	19,460,000	0	850,000	0	18,610,000
St. Lukes Hospital *	19,205,000	0	0	0	19,205,000
Tuxedo Place, L.P.	10,500,000	0	0	685,000	9,815,000
Tuxedo Park School	1,500,000	0	0	0	1,500,000
	<u>\$ 52,180,000</u>	<u>\$ 0</u>	<u>\$ 1,185,000</u>	<u>\$ 685,000</u>	<u>\$ 50,310,000</u>

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

(1) The adjustment noted in the schedule above is the result of inconsistent reporting from the Project organization in the prior year. The adjustment was due to principal paid in a prior year not being reported as such. This adjustment corrects the balance of the Bonds outstanding.

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

**SCHEDULE OF SUPPLEMENTAL INFORMATION - BONDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Project/Owner</u>	<u>Purpose</u>	<u>Issued/ Maturity Date</u>	<u>Interest Rate</u>	<u>Federal Tax Status</u>	<u>Beginning/ Ending Balances</u>	<u>FTE Employees Created / Current</u>	<u>Tax Exemptions</u>		<u>PILOTS</u>
							<u>Sales</u>	<u>Real Property</u>	
Crystal Run Village 601 Stony Ford Road Middletown, NY 10941	Services	6/15/2006 7/1/2021	5.25%	Tax Exempt	1,515,000 1,180,000	N/A / 661	N/A	N/A	N/A
Glen Arden ( Elant) 46 Harriman Drive Goshen, NY 10924	Services	7/1/1998 1/1/2028	5.625%	Tax Exempt	19,460,000 18,610,000	0 / 85	N/A	N/A	382,201
St. Luke's Cornwall Hospital * 70 Dubois Street Newburgh, NY 12550	Services	12/1/2001 12/1/2026	*	*	19,205,000 19,205,000	*	*	*	*
Tuxedo Park School Mountain Farm Road Tuxedo Park, NY 10987	Other	9/11/2002 9/11/2022	Variable 0.266%	Tax Exempt	1,500,000 1,500,000	0 / 44	N/A	N/A	N/A
Tuxedo Place LP 27 Route 210 Stony Point, NY 10980	Services	8/1/1999 8/1/2032 & 8/1/2033	Fixed 7.000%	Tax Exempt	9,815,000 9,815,000	3 / 30	0	0	67,945

**NOTE:** An asterisk (\*) indicates that the confirmation was not returned.

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

**SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal</u>	<u>FTE Employees</u>	<u>Tax Exemptions</u>		<u>PILOTS</u>
		<u>Tax Status</u>	<u>Created / Current</u>	<u>Sales</u>	<u>Real Property</u>	
Airport Properties II 180 Breunig Road New Windsor, NY 12553	Services	Taxable	11 / 33	N/A	N/A	216,683
Airport Properties VIII 180 Breunig Road New Windsor, NY 12553	Services	Taxable	0 / 0	N/A	N/A	46,157
Blackhawk Development, LLC CBRE 2415 E. Camelback Road Phoenix, AZ 85016	Services	Taxable	0 / 0	405,609	N/A	N/A
C&S Wholesale Grocers, Inc. 7 Corporate Drive Keene, NH 03431	Wholesale Trade	Taxable	0 / 641	N/A	N/A	182,016
Carlisle Construction 1285 Ritner Highway Carlisle, PA 17013	Manufacturing	Taxable	4 / 75	N/A	N/A	292,600
Coach Hudson Transit Lines 66 Tetz Road Chester, NY 10918	Transportation	Taxable	0 / 312	N/A	N/A	177,923
Continental Organics * 320 Mt. Airy Road New Windsor, NY 12553	Wholesale Trade	Taxable	* / *	*	*	*
CPG Partners, LP 105 Eisenhower Parkway Roseland, NJ 07068	Development	Taxable	200 / 4,700	1,258,601	N/A	N/A
CPV Valley, LLC 105 Eisenhower Parkway Roseland, NJ 07068	Energy	Taxable	0 / 0	27,296	N/A	N/A
CRH Realty II, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	27 / 432	N/A	N/A	359,251
CRH Realty III, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	0 / 0	65,345	N/A	N/A

**NOTE:** An asterisk (\*) indicates that the confirmation was not returned.

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

**SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Project/Owner	Purpose	Federal	FTE Employees	Tax Exemptions		PILOTS
		Tax Status	Created / Current	Sales	Real Property	
CRH Realty VI, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	79 / 433	36,934	N/A	90,349
CRH Realty VIII, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	111 / 165	250,940	N/A	N/A
Cross Roads Court Real Estate, LLC PO Box 10804 Newburgh, NY 12552	Development	Taxable	0 / 0	18,492	N/A	N/A
Danskammer Energy, LLC 994 River Road Newburgh, NY 12550	Energy	Tax Exempt	5 / 33	144,593	N/A	N/A
Fairbanks Manufacturing LLC c/o Medora Snacks 79 Industrial Place Ext. Middletown, NY 10941	Manufacturing	Taxable	12 / 185	128,069	N/A	301
First Columbia 22 Century Drive - Suite 301 Latham, NY 12110	Services	Taxable	3 / 30	N/A	N/A	47,289
IBM 1 North Castle Drive Armonk, NY 10504	Manufacturing	Taxable	0 / 330	2,990,984	N/A	523,000
Isomedix Operations 5960 Heisley Road Mentor, OH 44060	Services	Taxable	0 / 96	0	N/A	N/A
JCA Hospitality, LLC * PO Box 279 New Hampton, NY 10958	Development	Taxable	* / *	*	*	*
JDP Associates, LLC 17 Erie Boulevard Albany, NY 12204	Services	Taxable	5 / 28	N/A	N/A	183,917

**NOTE:** An asterisk (\*) indicates that the confirmation was not returned.

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

**SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal Tax Status</u>	<u>FTE Employees Created / Current</u>	<u>Tax Exemptions</u>		<u>PILOTS</u>
				<u>Sales</u>	<u>Real Property</u>	
Leentjes Amusement Corp (d/b/a The Castle) PO Box 1032 Chester, NY 10918	Services	Taxable	0 / 45	N/A	N/A	69,359
Mediacom 1 Mediacom Way Mediacom Park, NY 10918	Communications	Taxable	8 / 360	N/A	N/A	69,041
Millennium Pipeline PO Box 1565 Pearl River, NY 10965	Gas	Taxable	0 / 0	N/A	N/A	1,491,000
Nowak Properties, Inc 386 Ingrassia Road Middletown, NY 10940	Development	Taxable	0 / 0	24,312	N/A	N/A
NYTT, LLC * 975 Belmont Avenue North Haledon, NJ 07508	*	*	* / *	*	*	*
Orange County Chamber of Commerce 30 Scotts Corners Drive Montgomery, NY 12549	Services	Tax Exempt	1 / 9	N/A	N/A	50,299
Orange County Choppers, Inc. 14 Crossroads Court Newburgh, NY 12550	Manufacturing	Taxable	0 / 33	N/A	N/A	267,902
PCH Energy, LLC 200 W. Commercial Avenue Moonachie, NJ 07074	Energy	Taxable	75 / 329	169,553	N/A	N/A
Pharmline, Inc. 41 Bridge Street Florida, NY 10921	Manufacturer	Taxable	7 / 89	131,643	N/A	N/A

**NOTE:** An asterisk (\*) indicates that the confirmation was not returned.

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

**SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal Tax Status</u>	<u>FTE Employees Created / Current</u>	<u>Tax Exemptions</u>		<u>PILOTS</u>
				<u>Sales</u>	<u>Real Property</u>	
Pratt & Whitney Advanced Coating Technologies 8 Farm Springs Road Farmington, CT 06032	Manufacturing	Taxable	4 / 123	812,000	N/A	N/A
Retford Investments 45 Turner Drive Middletown, NY 10941	Manufacturing	Taxable	0 / 42	172,258	N/A	N/A
Satin Fine Foods Inc. & Satin Realty Associates, LLC 37 Elkay Drive, Suite 41 Chester, NY 10918	Other	Taxable	2 / 73	N/A	N/A	159,995
Shamrock Creek LLC * 46 Meadowbrook Lane New Windsor, NY 12553	Services	Tax Exempt	* / *	*	*	*
St. Luke's Cornwall Hospital - Cancer Center * 19 Laurel Avenue Cornwall, NY 12518	Services	Tax Exempt	* / *	*	*	*
Stewart FBI LLC / Avenue of the Americas 80 Curtwright Drive - Suite 5 Williamsville, NY 14221	Services	Tax Exempt	N/A / N/A	0	N/A	N/A
USAI 1126 River Road New Windsor, NY 12553	Services	Tax Exempt	56 / 190	8,941	N/A	N/A
The Hub 1, LLC 22 US Highway 6 Port Jervis, NY 12771	Services	Taxable	0 / 0	N/A	N/A	34,997
The Warwick Yard * 122 State School Road Warwick, NY 10990	Services	Taxable	* / *	*	*	*
Wawayanda Acquisition LLC (Medline Industries, Inc.) One Medline Place Mundelein, IL 60060	Services	Taxable	4 / 221	N/A	N/A	429,059

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