

FINANCIAL STATEMENTS

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

DECEMBER 31, 2014

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

DECEMBER 31, 2014

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Knack, Pavloff & Company, LLP

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Orange County Economic Development Corporation (Orange County Partnership) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orange County Economic Development Corporation (Orange County Partnership) as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Knack, Pavloff & Company, LLP

Monticello, New York

September 1, 2015

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

ASSETS	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash	\$ 535,316	\$ 516,620
Accounts Receivable	99,245	101,885
Prepaid Expenses	<u>5,700</u>	<u>13,300</u>
TOTAL CURRENT ASSETS	<u>640,261</u>	<u>631,805</u>
PROPERTY & EQUIPMENT		
Property & Equipment	127,189	127,189
Less: Accumulated Depreciation	<u>62,728</u>	<u>55,727</u>
NET PROPERTY & EQUIPMENT	<u>64,461</u>	<u>71,462</u>
TOTAL ASSETS	<u>\$ 704,722</u>	<u>\$ 703,267</u>
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable & Accrued Liabilities	\$ 13,991	\$ 19,316
Deferred Revenue	<u>8,000</u>	<u>3,050</u>
TOTAL CURRENT LIABILITIES	<u>21,991</u>	<u>22,366</u>
NET ASSETS		
Unrestricted	<u>682,731</u>	<u>680,901</u>
TOTAL NET ASSETS	<u>682,731</u>	<u>680,901</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 704,722</u>	<u>\$ 703,267</u>

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

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

	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS		
UNRESTRICTED REVENUES & OTHER SUPPORT		
Contract Services:		
County of Orange	\$ 170,000	\$ 170,000
Orange County Industrial Development Agency	200,000	200,000
Member Investments	217,690	202,298
Interest Income	1,991	2,135
Other Revenue	73,076	53,922
Event Income (Net of Expenses of \$98,527 & \$98,116)	131,910	119,418
Membership Dues	<u>22,550</u>	<u>19,250</u>
TOTAL UNRESTRICTED REVENUES & OTHER SUPPORT	<u>817,217</u>	<u>767,023</u>
EXPENSES		
Program Services	688,716	611,130
Management & General	<u>126,671</u>	<u>124,909</u>
TOTAL EXPENSES	<u>815,387</u>	<u>736,039</u>
INCREASE (DECREASE) IN NET ASSETS	1,830	30,984
NET ASSETS - Beginning of Year	<u>680,901</u>	<u>649,917</u>
NET ASSETS - End of Year	<u><u>\$ 682,731</u></u>	<u><u>\$ 680,901</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

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

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT & GENERAL</u>	<u>2014 TOTAL EXPENSES</u>	<u>2013 TOTAL EXPENSES</u>
EXPENSES				
Salaries	\$ 414,452	\$ 64,984	\$ 479,436	\$ 427,053
Employee Benefits	21,917	3,437	25,354	21,481
Payroll Taxes	35,028	5,492	40,520	32,517
Professional Fees	16,487	15,996	32,483	27,330
Contract Labor	10,380	-	10,380	36,044
Advertising & Promotion	9,988	3,330	13,318	14,719
Office Expense	17,126	5,710	22,836	19,717
Occupancy	24,807	8,268	33,075	32,760
Auto	10,269	1,812	12,081	12,905
Travel	8,093	1,428	9,521	9,298
Conferences & Meetings	9,432	3,142	12,574	8,836
Insurance	5,262	1,755	7,017	5,913
Business Development	71,526	-	71,526	49,068
Telephone	11,525	3,842	15,367	14,320
Repairs & Maintenance	15,811	5,270	21,081	13,236
Dues & Subscriptions	1,363	455	1,818	2,717
Depreciation	5,250	1,750	7,000	8,125
TOTAL EXPENSES	<u>\$ 688,716</u>	<u>\$ 126,671</u>	<u>\$ 815,387</u>	<u>\$ 736,039</u>

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

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

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,830	\$ 30,984
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	7,001	8,124
Decrease (Increase) in Operating Assets		
Accounts Receivable	2,640	(8,051)
Prepaid Expenses	7,600	2,294
Increase (Decrease) in Operating Liabilities		
Accounts Payable & Accrued Liabilities	(5,325)	(7,892)
Deferred Revenue	4,950	2,000
	<u>18,696</u>	<u>27,459</u>
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
	<u>18,696</u>	<u>27,459</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	-	(5,210)
CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
	<u>-</u>	<u>(5,210)</u>
NET INCREASE (DECREASE) IN CASH	18,696	22,249
CASH - Beginning of Year	<u>516,620</u>	<u>494,371</u>
CASH - End of Year	<u>\$ 535,316</u>	<u>\$ 516,620</u>

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION
D/B/A ORANGE COUNTY PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Organization

The Orange County Economic Development Corporation was incorporated in 1985 and operates as a non-profit organization. The primary business activity of the Partnership is as an external marketing agency for the economic and employment development of Orange County, New York.

Income Taxes

The Partnership is exempt from taxation under Section 501(c)(6) of the Internal Revenue Code. The Partnership evaluates all significant tax positions as required by generally accepted accounting principles in the United States and the tax laws that govern organizations exempt from income tax. As of December 31, 2014 and 2013, the Partnership does not believe that it has taken any tax positions that would jeopardize its tax exempt status or that would require the recording of any tax liability. The Partnership's informational exempt tax filings are subject to examination by the appropriate federal and state jurisdictions. As of December 31, 2014, the Partnership's federal and state informational tax exempt filings generally remained open for the last three years.

Basis of Accounting

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

Basis of Presentation

The Partnership reports information regarding its financial position and activities according to three classes of net assets: Unrestricted Net Assets, Temporarily Restricted Net Assets and Permanently Restricted Net Assets. A description of the three net asset categories follows:

Unrestricted Net Assets – Net Assets that are not subject to grantor-imposed stipulations.

**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION
D/B/A ORANGE COUNTY PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or may not be met either by actions of the Partnership and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Partnership. Generally, the donors of these assets permit the Partnership to use the income earned on the related investments for specific purposes.

Use of Estimates

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

Sources of Support

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

Donated Goods and Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. These donations are recorded at their fair values as both a contribution and an expense in the period received. The estimated fair market value of the donated goods and services for the years ended December 31, 2014 and 2013 was \$0 and \$1,050, respectively.

Cash and Cash Equivalents

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

**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION
D/B/A ORANGE COUNTY PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

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

Property and Equipment

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

Estimated useful lives are as follows:

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

Depreciation expense for the years ended December 31, 2014 and 2013 amounted to \$7,001 and \$8,125, respectively.

Support Recognition

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for specific purposes by the donor are recognized when the purpose of the contribution is met. The amount of support to be recognized in future periods is recorded as deferred revenue. Deferred revenue at December 31, 2014 and 2013 was \$8,000 and \$3,050, respectively.

Advertising Costs

The Partnership expenses the costs of advertising and promotions over the period the advertising is in effect. Advertising expenses for the years ended December 31, 2014 and 2013 were \$13,318 and \$14,719, respectively.

**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION
D/B/A ORANGE COUNTY PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014**

NOTE 2 - PROPERTY & EQUIPMENT

Property and equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Office Equipment	\$ 46,591	\$46,591
Leasehold Improvements	44,447	44,447
Vehicles	<u>36,151</u>	<u>36,151</u>
	127,189	127,189
Less: Accumulated Depreciation	<u>62,728</u>	<u>55,727</u>
Net Property & Equipment	<u>\$ 64,461</u>	<u>\$ 71,462</u>

NOTE 3 – CONCENTRATION OF RISK

Concentration of Revenue Sources

The Organization received approximately 45% in 2014 and 48% in 2013 of its total support and revenue from the New York State County of Orange and the Orange County Industrial Development Agency.

Concentration of Credit Risk

Financial instruments that potentially subject the Partnership to concentrations of credit risk consist principally of temporary cash investments. The Partnership maintains cash balances with various financial institutions. The cash balances may, at times, exceed the amount covered by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. At December 31, 2014 and 2013, there were no uninsured balances.

NOTE 4 – GOVERNMENTAL CONTRACTED SERVICES REVENUE RECEIVED

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

	<u>2014</u>	<u>2013</u>
County of Orange	\$170,000	\$170,000
Orange County IDA	<u>200,000</u>	<u>200,000</u>
Total	<u>\$370,000</u>	<u>\$370,000</u>

**ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION
D/B/A ORANGE COUNTY PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014**

NOTE 5 - LEASES

The Partnership entered into a lease agreement for office equipment in March 2013 for a term of 39 months with monthly payments of \$384. Equipment lease expense for the years ended December 31, 2014 and 2013 was \$5,083 and \$4,895, respectively. Additional payments represent periodic usage charges over the parameters set forth in the contract.

The Partnership leases office space in Goshen, New York and entered into a 60 month lease agreement in September 2013. Occupancy expense related to this lease for the years ended December 31, 2014 and 2013 was \$33,075 and \$32,760, respectively.

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

2015	\$ 37,998
2016	35,172
2017	34,020
2018	<u>22,680</u>
	<u>\$129,870</u>

NOTE 6 - PENSION PLAN

The Partnership has a defined contribution pension plan that covers all full-time employees who have met eligibility requirements. Contributions to the plan are based on 7.5% of the participants' compensation. Pension contributions for the years ended December 31, 2014 and 2013 amounted to \$16,197 and \$11,920 (net of forfeitures of \$7,190), respectively.

NOTE 7 - SUBSEQUENT EVENTS

These financial statements have evaluated the subsequent events through September 1, 2015, the date which the financial statements were available to be issued.