

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

FINANCIAL STATEMENTS
(and reports of Independent Auditors)

December 31, 2018 and 2017

Draft

Ulster County Economic Development Alliance, Inc.
(a blended component unit of Ulster County, New York)
December 31, 2018 and 2017
TABLE OF CONTENTS

	<u>PAGE(S)</u>
Independent Auditors' Report	1-3
Management Discussion and Analysis	4-7
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Net Position	9
Statements of Cash Flows	10
Notes to the Financial Statements	11-24
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26
Supplementary Information:	
Schedule of Revenues and Expenditures - Budget and Actual	27
USDA Intermediary Relending Program Loan Fund Schedule of Net Position and Schedule of Revenues, Expenses, and Change in Net Position	28



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Independent Auditors' Report

To the Board of Directors
Ulster County Economic Development Alliance, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Ulster County Economic Development Alliance, Inc. (a blended component unit of Ulster County, New York), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise Ulster County Economic Development Alliance, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Ulster County Economic Development Alliance, Inc.'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 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 *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 Ulster County Economic Development Alliance, Inc., as of December 31, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 Ulster County Economic Development Alliance, Inc.'s basic financial statements. The Schedule of Revenues and Expenses - Budget and Actual and USDA Intermediary Relending Program Loan Fund Schedule of Net Position and Schedule of Revenues, Expenses, and Change in Net Position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues and Expenses - Budget and Actual and USDA Intermediary Relending Program Loan Fund Schedule of Net Position and Schedule of Revenues, Expenses, and Change in Net Position is the responsibility of management and was derived from and relates 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 Revenues and Expenses - Budget and Actual and USDA Intermediary Relending Program Loan Fund Schedule of Net Position and Schedule of Revenues, Expenses, and Change in Net Position 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 __, 2019 on our consideration of Ulster County Economic Development Alliance, Inc.'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 Ulster County Economic Development Alliance, Inc.'s internal control over financial reporting and compliance.

Kingston, New York
March __, 2019

Draft

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2018 and 2017

Introduction

Management's Discussion and Analysis of the Ulster County Economic Development Alliance, Inc.'s (UCEDA or the Alliance) financial performance provides an overview of the Alliance's financial activities for the fiscal year ended December 31, 2018. Please read this report in conjunction with the Alliance's 2018 financial statements. UCEDA is a Local Development corporation which operates in Ulster County, New York and classified by the New York State Authority Budget Office as a public authority. This summary discussion and analysis includes only the financial and general business of the Alliance.

Financial Highlights

The Alliance's net position increased by \$20,271 (or 1.2%) as a result of operations in 2018.

In 2018, revenues increased \$19,333 compared to 2017, or 5.17%
In 2017, revenues decreased \$123,098 compared to 2016, or 24.75%.

In 2018, expenses increased \$75,535 compared to 2017, or 25.37%
In 2017, expenses decreased \$133,440 compared to 2016, or 30.95%.

Organization Highlights

2018 UCEDA highlights include:

- o Retained Luminary Media to develop and implement a business attraction marketing plan for 2018.
- o Maintained business attraction marketing campaign to acquire and nurture relocation leads.
- o Continued to publish a monthly "Featured Properties" email.
- o Hosted hundreds of participants at several events geared toward increasing economic development in Ulster County including webinars, workshops, and industry-focused events.
- o Completed the sale of one former County-owned surplus property in order to return the property to the tax rolls and enhance economic development.
- o Continued implementation of Ulster County's Ellenville Million initiative and secured legislative approval for reallocation to enhance the effectiveness of the program.
- o Solicited and evaluated loan applications, awarded three new loans, and serviced nine active loans through the Ulster County Revolving Loan Fund, including visits to each site and preparation of required reporting documents for funders.

See independent auditors' report.

2017 UCEDA highlights include:

- Hired Luminary Media to develop and implement a business attraction marketing plan for 2017.
- Executed business attraction marketing campaign to acquire and nurture relocation leads.
- Launched new Ulster County Economic Development guide and Ulsterforbusiness.com website.
- Developed two new marketing videos for target industries.
- Continued to publish a monthly “Featured Properties” email.
- Hosted over 600 participants at several events geared toward increasing economic development in Ulster County including webinars, workshops, and industry-focused events.
- Managed sales contract and negotiations for one former County-owned surplus property and marketed two additional former County-owned surplus properties for sale, in order to return those properties to the tax rolls and enhance economic development.
- Continued implementation of Ulster County’s Ellenville Million initiative and secured legislative approval for reallocation to enhance the effectiveness of the program.
- Solicited and evaluated loan applications, awarded two new loans, and serviced twelve active loans through the Ulster County Revolving Loan Fund, including visits to each service site and preparation of required reporting documents for funders.

Using This Annual Report

This Annual Report consists primarily of the Statements of Net Position, Statements of Revenues, Expenses, and Change in Net Position, and the Statements of Cash Flows, which provide information about the activities of the Alliance only.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The statements report the Organization's net position and changes in net position. One way to measure the Organization's financial position is to look at the net position - the difference between assets and liabilities.

Condensed Comparative Financial Statements and Analysis

The Alliance's net position at the end of the 2018 was \$1,733,859, an increase of \$20,271 over the net position of \$1,713,588 at the beginning of 2018. The Alliance's net position at the end of the 2017 was \$1,713,588, an increase of \$76,473 over the net position of \$1,637,115 at the beginning of 2017.

See independent auditors’ report.

Our analysis below focuses on net position (Table 1) and the changes in net position (Table 2).

Table 1 – Statement of Net Position

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets			
Current assets	\$ 1,276,021	\$ 1,868,227	\$ 1,571,957
Other assets	693,693	204,275	358,475
Total Assets	<u>\$ 1,969,714</u>	<u>\$ 2,072,502</u>	<u>\$ 1,930,432</u>
Liabilities			
Current liabilities	\$ 55,101	\$ 153,688	\$ 88,788
Long-term liabilities	180,754	205,226	204,529
Total Liabilities	<u>\$ 235,855</u>	<u>\$ 358,914</u>	<u>\$ 293,317</u>
Net Position			
Unrestricted	\$ 1,534,944	\$ 1,513,932	\$ 1,438,146
Restricted	198,915	199,656	198,969
Total Net Position	<u>\$ 1,733,859</u>	<u>\$ 1,713,588</u>	<u>\$ 1,637,115</u>

Current Assets:

Cash totals at the end 2018 were \$1,128,667 versus \$1,324,033 at the end of 2017. This decrease in cash was primarily due to loan disbursements exceeding repayments.

Cash totals at the end 2017 were \$1,324,033 versus \$1,311,471 at the end of 2016. This increase in cash was a result of the unearned revenues received from Ulster County for the Ellenville Million initiative and deposits made on the sale of the Flatbush Avenue property. The unearned revenue total at the end of 2017 was \$184,813 versus \$146,100 at the end of 2016.

Current Liabilities:

Liabilities at the end of 2018 were \$235,855 versus \$358,914 and \$293,317 at the end of 2017 and 2016, respectively.

Table 2 - Change in Net Position

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues:			
Ulster County	\$ 125,000	\$ 170,000	\$ 150,000
Interest on loans	25,706	20,341	23,230
Other income	242,819	183,851	324,060
Total Revenues	<u>393,525</u>	<u>374,192</u>	<u>497,290</u>
Expenses:			
Operating expenses	372,199	295,824	429,324
Non-operating expenses	1,055	1,895	1,835
Total Expenses	<u>373,254</u>	<u>297,719</u>	<u>431,159</u>
Changes in Net Position:	<u>\$ 20,271</u>	<u>\$ 76,473</u>	<u>\$ 66,131</u>

The Agency's revenues in 2018 were \$393,525 versus \$374,192 and \$497,290 in 2017 and 2016, respectively. Expenses in 2018 were \$373,254 versus \$297,719 and \$431,159 in 2017 and 2016, respectively. Revenues and expenses increased in 2018 from 2017 due to increased Ellenville Million activities. The Agency also sold 300 Flatbush Avenue; however, since the Agency operated as a flow-through entity with the proceeds paid directly to Ulster County, the sale is excluded from the numbers above.

Capital Assets and Long-Term Debt

There were no capital asset additions in 2018 or 2017, and the Alliance did not take on any long-term debt in 2018 or 2017. The Alliance sold 300 Flatbush Avenue for \$950,000 and the proceeds from that sale were immediately transferred to Ulster County in accordance with the Alliance's agreement with Ulster County.

Budget

In October of 2017, the Alliance adopted a 2018 budget projecting revenues to be \$820,200 and expenses to be \$820,200. Actual 2018 revenues totaled \$393,525 and actual 2018 expenses totaled \$373,254. Revenues and expenses were significantly under budget as some Ellenville Million project components did not materialize in 2018.

Contacting UCEDA Financial Administrator

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Alliance's finances and to show the Alliance's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ulster County Economic Development Alliance, P.O. Box 1800, Kingston, New York 12402.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
STATEMENTS OF NET POSITION
December 31, 2018 and 2017

ASSETS

	2018	2017
Current assets:		
Cash and cash equivalents	\$ 1,128,667	\$ 1,324,033
Accounts receivable	76	5,668
Loans receivable, current portion	95,154	352,226
Due from Ulster County	52,124	161,300
Deposit on sale of property	-	25,000
Total current assets	1,276,021	1,868,227
Other assets:		
Loans receivable, less current portion, net of an allowance of \$10,669 and \$11,343 as of December 31, 2018 and 2017, respectively	693,693	204,275
Total other assets	693,693	204,275
Total assets	\$ 1,969,714	\$ 2,072,502

LIABILITIES AND NET POSITION

Current liabilities:		
Accounts payable	\$ 34,688	\$ 66,922
Current portion of note payable	20,413	25,016
Deposit	-	48,750
Due to Ulster County	-	13,000
Total current liabilities	55,101	153,688
Long term liabilities:		
Long-term debt	-	20,413
Unearned revenue	180,754	184,813
Total long-term liabilities	180,754	205,226
Total liabilities	235,855	358,914
Net position:		
Unrestricted	1,534,944	1,513,932
Restricted	198,915	199,656
Total net position	1,733,859	1,713,588
Total liabilities and net position	\$ 1,969,714	\$ 2,072,502

See independent auditors' report and notes to financial statements.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years ended December 31, 2018 and 2017

	2018	2017
Operating Revenues:		
Contract and administrative fees	\$ 130,005	\$ 171,920
Contract fees - Ellenville Million	206,855	166,835
Interest on loans	25,706	20,341
Marketing support from UCIDA	5,000	5,000
Late fees collected	1,089	1,504
Miscellaneous income	11,492	7,687
Total operating revenues	380,147	373,287
Operating Expenses:		
Contractual expense	2,243	80
Professional fees	12,405	12,049
Dues and subscriptions	10,000	10,003
Insurance	4,147	4,130
Marketing and advertising	119,646	115,016
Contracts for Services - Ellenville Million	206,855	166,835
Miscellaneous expenses	349	-
Office expense	353	5,186
Provision for loan (recoveries) losses	3,348	(17,475)
Total operating expenses	359,346	295,824
Operating income	20,801	77,463
Non-operating revenues (expenses):		
Interest on deposits	525	905
Sale of property	889,513	-
Transfer to Ulster County	(889,513)	-
Interest expense	(1,055)	(1,895)
Total non-operating expenses	(530)	(990)
Change in net position	20,271	76,473
Net position, beginning of year	1,713,588	1,637,115
Net position, end of year	\$ 1,733,859	\$ 1,713,588

See independent auditors' report and notes to financial statements.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
STATEMENTS OF CASH FLOWS
Years ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Administrative fees	\$ 147,936	\$ 241,574
Grant - Ellenville Million	300,326	99,645
Interest on loans	25,665	20,432
Marketing support from UCIDA	5,000	5,000
Miscellaneous revenue	11,492	7,687
Loans disbursed	(350,000)	(192,000)
Loans paid back	114,743	141,379
Payments to vendors	(388,232)	(272,397)
Net cash (used for) provided by operating activities	(133,070)	51,320
Cash flows from investing activities		
Interest received	525	905
Transfer to Ulster County	(864,513)	-
Sale of property	840,763	-
Net cash (used for) provided by investing activities	(23,225)	905
Cash flows from financing activities		
Interest expense	(1,055)	(1,895)
Payments on long-term debt	(38,016)	(37,768)
Net cash used for financing activities	(39,071)	(39,663)
Net (decrease) increase in cash and cash equivalents	(195,366)	12,562
Cash and cash equivalents, beginning of year	1,324,033	1,311,471
Cash and cash equivalents, end of year	\$ 1,128,667	\$ 1,324,033
Cash flows from operating activities		
Operating income	\$ 20,801	\$ 77,463
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for loan losses	3,348	(17,475)
Changes in operating assets and liabilities		
Decrease in accounts receivable	5,592	2,989
(Increase) decrease in loans receivable	(235,694)	(50,621)
Decrease in due from Ulster County	109,176	(67,655)
(Decrease) increase in due from UCIDA	-	3,254
(Increase) decrease in unearned revenue	(4,059)	38,713
(Decrease) increase in deposits	-	23,750
(Decrease) increase in accounts payable	(32,234)	40,902
Net cash used for operating activities	\$ (133,070)	\$ 51,320
Noncash Disclosure:		
Property sale - deposit held by and released for benefit of Ulster County	\$ 25,000	\$ -

See independent auditors' report and notes to financial statements.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

1. Nature of Organization:

Financial Reporting Entity:

The Ulster County Economic Development Alliance, Inc. (“the Alliance” or “UCEDA”) (formerly Ulster County Development Corporation) promotes job growth, economic development and community revitalization for Ulster County by unified regional and national marketing and provides business financing through a variety of countywide and municipal revolving loan funds.

Governance/Accountability:

The Corporation’s sole Member is the County of Ulster, New York (the “County”) acting by and through the County Executive, ex officio. The number of Directors of the Alliance shall be seven as established by resolution adopted by the Member.

Programs of the Alliance:

CDBG

Includes the activities of Community Development Block Grants revolving loan fund which provides loans below \$75,000 to businesses to create and retain jobs in Ulster County. Loans can be issued in excess of \$75,000 with a super-majority of committee approval.

Section 108

Includes the HUD Section 108 Loan Guarantee Program activities administered through Ulster County, New York, which provide loans within the range of \$75,000 to \$750,000 to businesses for development and job creation in Ulster County.

Telecommunications Fund

Provides matching loan funds under the USDA Intermediary Relending Program Loan Fund.

USDA Intermediary Relending Program Loan Fund

Provides loans to small business at low rates of interest for part of their financing needs. The program will lend up to 16% of a total project cost and another 14% in matching loan funds from the Revolving Loan Funds in conjunction with conventional lending sources for eligible projects. Of the amount loaned by UCEDA to cover the cost of the project, 85% may be lent from USDA borrowings and 15% must be matched by UCEDA from funds raised from other unrestricted sources. At least 50% of the project must come from either the applicant or a conventional lending source.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

1. Nature of Organization (Continued):

Programs of the Alliance (Continued):

Ellenville Million

Ulster County entered into an agreement with the UCEDA for the administration and oversight of the Ellenville Million Program (not to exceed \$1M) which is designed to enhance the economic prosperity of the Village of Ellenville and the Town of Wawarsing in nine project areas based on recommendations from the Ellenville Million Committee. The term of the agreement is September 1, 2015 to August 31, 2019. The UCEDA will review and approve plans and budgets for each project area. UCEDA will require each project plan to include a summary of the project components, an expenditure plan that identifies funding sources and uses for all funds involved, expected outcomes; including job creation data if applicable, timeline for completion, and other information that UCEDA deems appropriate to ensure that the project is successfully implemented. UCEDA will submit copies of all approved plans and budgets to the Ulster County Planning Department and the Ulster County Legislature.

UCEDA will enter into an appropriate contractual relationship with all entities implementing projects. Ulster County is to provide the funds to the UCEDA for each qualified project holding back 20% until project completion. UCEDA will reimburse entities for expenses which have been approved in their plan, incurred, and have been paid for. UCEDA may make advanced payments of up to 20% of a project's contract amount based on the submission and approval by UCEDA of a Statement of Need. UCEDA will hold the final 20% of each project's contract amount as retainage and will only release this amount upon full completion of the project and submission of a project closeout report. UCEDA will require the project closeout report document the accomplishments of the project and include an accounting of all funds for the project.

Other activities include business retention, expansion, recruitment, and incubation, site searches, marketing, and other sector initiatives.

2. Summary of Significant Accounting Policies:

Basis of Accounting:

The financial statements of the Alliance 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 Alliance applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. The Alliance applies GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", which was issued by the GASB on December 30, 2010. The Alliance has chosen to only apply GASB pronouncements. The Alliance 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).

See independent auditors' report.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (Continued):

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 include deferred outflows of resources and deferred inflows of resources ("deferrals"), in addition to assets and liabilities, and report net position instead of net assets.

Budgetary Data:

The budget policies are as follows:

In October of each year the finance committee 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 generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The application of these accounting principles involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The Alliance periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary.

The most significant estimate of the Alliance is the allowance for loan losses.

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 may obtain independent appraisals for significant collateral.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (Continued):

Use of Estimates (Continued):

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

Contributions are recognized when received or in the period of intended use as specified by the donor. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Administrative revenue is recognized in the period services are provided. 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 unearned until the period costs are incurred.

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.

Income Taxes:

The Alliance is a not-for-profit organization, exempt from federal income taxes under sections 501(c)(3) and is not a "private foundation" within the meaning of section 509(a)(2) of the Internal Revenue Code.

The Alliance 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 Alliance is no longer subject to examination by federal and state taxing authorities for years prior to the year ended December 31, 2015.

Cash and Cash Equivalents:

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

Property and Equipment:

The cost of property and equipment is depreciated over the useful lives of the related assets using the straight-line method. The Alliance capitalizes fixed assets with an estimated useful life of greater than one year and a cost of greater than \$500.

See independent auditors' report.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (Continued):

Concentration of Credit and Market Risk:

Financial instruments that potentially expose the Alliance 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 (FDIC) insured financial institutions and credit exposure is limited to any one institution. To the extent FDIC insurance is not sufficient, the Alliance requires its bank to maintain pledged collateral.

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.

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. Interest rates on loans range from 3% to 5.90%.

The allowance for loan losses reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. The Alliance 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 case by case, by portfolio segment 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 rating 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 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 these 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.

See independent auditors' report.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (Continued):

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.

Subsequent Events:

Subsequent events have been evaluated through March 31, 2019, which is the date the financial statements were available to be issued. There were no subsequent events that require adjustment or disclosure.

3. Cash and Cash Equivalents:

The following is a summary of cash and cash equivalents as included in the statement of net position at December 31, 2018:

Bank	Book Balance	Bank Balance	FDIC Coverage	Pledged Collateral
M&T	\$ 1,128,667	\$ 1,155,365	\$ 250,000	\$ 923,116

The following is a summary of cash and cash equivalents as included in the statement of net position at December 31, 2017:

Bank	Book Balance	Bank Balance	FDIC Coverage	Pledged Collateral
M&T	\$ 1,324,033	\$ 1,342,688	\$ 250,000	\$ 1,114,184

At December 31, 2018 and 2017, deposits of the Alliance were fully covered by federal depository insurance (FDIC) and by collateral held by a Bank in the Alliance's name.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

3. Cash and Cash Equivalents (Continued):

The following represents the cash balances at December 31, 2018 and 2017 by fund:

Fund:	2018	2017
Operating Fund	\$ 373,028	\$ 371,321
Ellenville Million	114,976	46,950
CDBG Loan Fund	211,036	570,024
Ready2Go Fund	66,576	62,251
USDA Intermediary Relending Program Loan Fund	124,557	47,392
Telecommunications Fund	198,915	173,787
Section 108	37,744	50,474
Revolving Loan Fund	1,835	1,834
Total	\$ 1,128,667	\$ 1,324,033

4. Property and Equipment:

A summary of property and equipment is as follows as of December 31, 2018 and 2017:

	Balance at 12/31/2017	Additions	Disposals	Balance at 12/31/2018
Equipment- grant related	\$ 352,485	\$ -	\$ -	\$ 352,485
Vehicle and office equipment	59,025	-	-	59,025
	411,510	\$ -	\$ -	411,510
Accumulated depreciation	(411,510)			(411,510)
Total property and equipment	\$ -			\$ -

See independent auditors' report.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

4. Property and Equipment (Continued):

	Balance at 12/31/2016	Additions	Disposals	Balance at 12/31/2017
Equipment- grant related	\$ 352,485	\$ -	\$ -	\$ 352,485
Vehicle and office equipment	59,025	-	-	59,025
	411,510	\$ -	\$ -	411,510
Accumulated depreciation	(411,510)			(411,510)
Total property and equipment	\$ -			\$ -

There was no depreciation expense during the years ended December 31, 2018 and 2017, respectively.

5. Loans Receivable:

During the year ended December 31, 2018, the Alliance entered into three new loan agreements, Yoga Vida LLC, Fruition Chocolate and CYRE, Inc. d/b/a Pika's Farm to Table. The Yoga Vida LLC agreement was made on June 15, 2018 for \$150,000. The loan is to be paid in monthly installments of interest only payments of \$625 at a 5% fixed rate, the first payment due on July 1, 2018 until July 1, 2023 when the entire unpaid principal balance together with unpaid interest shall be due. The Fruition Chocolate agreement was made on April 16, 2018 for \$100,000. The loan is to be paid in monthly installments (including principal and interest) of \$1,366.88 at a 4% fixed rate, the first payment due on July 1, 2018, and matures on May 1, 2025. The Pika's Farm to Table agreement was made on November 2, 2018 for \$100,000. The loan is to be paid in monthly installments (including principal and interest) of \$1,366.88 at a 4% fixed rate, the first payment due on December 1, 2018 and matures on November 1, 2025.

During the year ended December 31, 2018, the Alliance refinanced three Bread Alone loans from Telecommunications, USDA, and revolving loan fund programs (all carrying 4% interest), into one loan for \$250,565.58. The new terms include monthly installments (including principal and interest) of \$2,536.85 at a 4% fixed rate, the first payment due on June 1, 2018 and matures May 1, 2028. No additional money was repaid or loaned with the refinancing.

During the year ended December 31, 2017, the Alliance entered into two new loan agreements, Farm to Table Community Inc., d/b/a The Farm Bridge and Organic Nectars, Inc. The Farm Bridge agreement was made on July 17, 2017 for \$150,000. The loan is to be paid in 84 monthly installments (including principal and interest) of \$2,050.32, with first payment due on September 1, 2017 until August 1, 2024. Organic Nectars, Inc. agreement was entered on August 10, 2017 for \$42,000. The amount is to be paid in 48 monthly installments (including principal and interest) of \$948.32, starting on October 1, 2017 until September 1, 2021. The interest rate for both loans is fixed at 4%.

These loans are collateralized by equipment and personal guarantees of the owners, and the loans are subject to certain affirmative covenants related to job creation.

See independent auditors' report.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

5. Loan Receivable (Continued):

The total loan balance at December 31, 2018 and 2017 was comprised of 9 loans totaling \$799,516 and 12 loans totaling \$567,844, respectively. The loan balance at December 31, 2018 was comprised of 4 loans making up 76% of the loan balance and the loan balance at December 31, 2017 was comprised of 4 loans making up 77% of the loan balance.

A summary of changes to loan receivable balances for the year ended December 31, 2018 are as follows:

	Balance 12/31/17	New Loans	Payments	Balance 12/31/18
AmeriBag	\$ 14,102	\$ -	\$ 14,102	\$ -
Bread Alone	126,821	126,822	15,108	238,535
Bread Alone	25,365	(25,365)	-	-
Falcon Music & Art	12,529	-	7,284	5,245
Serra, LLC	5,460	-	5,460	-
Fruition Chocolate	-	100,000	6,253	93,747
Yoga Vida, LLC	-	150,000	-	150,000
The Farm Bridge	143,768	-	19,203	124,565
GAMEX, LLC	65,961	-	9,742	56,219
Gillette Creamery	21,880	-	21,880	-
Organic Nectars	39,567	-	10,828	28,739
New World Catering	8,515	-	1,430	3,500
Pika's Farm Table	-	100,000	1,034	98,966
	<u>\$ 463,968</u>	<u>\$ 451,457</u>	<u>\$ 112,324</u>	<u>\$ 799,516</u>
USDA Loan program:				
Bread Alone	\$ 101,457	\$ (101,457)	\$ -	-
Costas & Tate	2,419	-	2,419	-
	<u>103,876</u>	<u>(101,457)</u>	<u>2,419</u>	<u>-</u>
	<u>\$ 567,844</u>	<u>\$ 350,000</u>	<u>\$ 114,743</u>	<u>\$ 799,516</u>

The allowance for loan losses activity during the year ended December 31, 2018 and was as follows:

Balance, beginning of year	\$ 11,343
Provision	2,910
Write-offs	(3,584)
Recoveries	-
Balance, end of year	<u>\$ 10,669</u>

See independent auditors' report.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

5. Loan Receivable (Continued):

A summary of changes to loan receivable balances for the year ended December 31, 2017 are as follows:

	Balance 12/31/16	New Loans	Payments	Balance 12/31/17
AmeriBag	\$ 37,637	\$ -	\$ 23,535	\$ 14,102
Bread Alone	132,531	-	5,710	126,821
Falcon Music & Art	22,328	-	9,799	12,529
Serra, LLC	12,292	-	6,832	5,460
The Farm Bridge	-	150,000	6,232	143,768
GAMEX, LLC	75,415	-	9,454	65,961
Gillette Creamery	72,932	-	51,052	21,880
Organic Nectars	-	42,000	2,433	39,567
New World Catering	26,020	-	17,505	8,515
Bread Alone	26,507	-	1,142	25,365
	<u>405,662</u>	<u>192,000</u>	<u>133,694</u>	<u>463,968</u>
USDA Loan program:				
Bread Alone	106,026	-	4,569	101,457
Costas & Tate	5,535	-	3,116	2,419
	<u>111,561</u>	<u>-</u>	<u>7,685</u>	<u>103,876</u>
	<u>\$ 517,223</u>	<u>\$ 192,000</u>	<u>\$ 141,379</u>	<u>\$ 567,844</u>

The allowance for loan losses activity during the year ended December 31, 2017 and was as follows:

Balance, beginning of year	\$ 28,818
Provision	(17,475)
Write-offs	-
Recoveries	-
Balance, end of year	<u>\$ 11,343</u>

See independent auditors' report.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

6. Long-Term Debt:

The Alliance grants loans to businesses which are funded through Community Development Block Grants and the HUD Section 108 Loan Guarantee Program. The primary objective of the programs is to encourage business expansion and create employment within the County. Interest rates vary but are always below the prime lending rate. Loans are generally secured by liens on real property and security interests in other business assets:

Long term debt at December 31, 2018 and 2017 consisted of:

	2018	2017
<p>The Alliance administers through Ulster County loan guarantee assistance involving permanent and interim loans from the United States Department of Housing and Urban Development (HUD) under the Section 108 program. The Alliance pays Ulster County annual payments of \$13,000 plus interest based on the three month London Interbank Offered Rate (LIBOR) plus 20 basis points (2.79% and 1.89% at December 31, 2018 and 2017, respectively. The original loan dated August 1, 2008 was for \$130,000.</p>	\$ -	\$ 13,000
<p>The Alliance administers loans from the USDA Intermediary Relending Program. The Alliance has been approved for a loan in the principal sum of \$600,000. The Alliance pays interest at 1%. Principal and interest is paid in 4 equal annual installments beginning in February 2015 and one additional installment in February 2019. The annual installments, which include principal and interest, are \$25,470 with a final installment of \$20,623. This payout schedule is based on the full \$600,000 being drawn despite only \$119,000 being drawn to date.</p>	20,413	45,429
Total:	20,413	58,429
Less current portion:	20,413	38,016
Long-Term Portion:	\$ -	\$ 20,413

See independent auditors' report.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

6. Long-Term Debt (Continued):

The following is a summary of long-term debt activity during the year ended December 31, 2018:

	Balance 12/31/17	New Loans	Payments	Balance 12/31/18
HUD Section 108 loan	\$ 13,000	\$ -	\$ 13,000	\$ -
USDA Intermediary Relending Program	45,429	-	25,016	20,413
	<u>\$ 58,429</u>	<u>\$ -</u>	<u>\$ 38,016</u>	<u>\$ 20,413</u>

The following is a summary of long-term debt activity during the year ended December 31, 2017:

	Balance 12/31/16	New Loans	Payments	Balance 12/31/17
HUD Section 108 loan	\$ 26,000	\$ -	\$ 13,000	\$ 13,000
USDA Intermediary Relending Program	70,197	-	24,768	45,429
	<u>\$ 96,197</u>	<u>\$ -</u>	<u>\$ 37,768</u>	<u>\$ 58,429</u>

Maturities of long-term debt are as follows:

2019	<u>\$ 20,413</u>
	<u>\$ 20,413</u>

7. Unearned Revenue:

Unearned revenue represents contributions received for the Ready2Go Fund and the Ellenville Million project during the years ended December 31, 2018 and 2017, respectively.

Ready2Go Fund

The Ready2Go Fund represents funds received during the year ended December 31, 2012 that have not yet been applied to shared costs or existing projects as of December 31, 2016. The Ready2Go Fund provided assistance to property owners to offset the costs of obtaining site plan approval to get them permit ready. In 2016, Central Hudson and UCEDA agreed to repurpose the Ready2Go funds to other economic development purposes including \$87,092 to the Town of Saugerties for an infrastructure project to expand natural gas service to Kings Highway and \$50,000 was returned to the UCIDA. Unspent funds provided by Central Hudson of \$66,576 will be allocated to a future project subject to approval by UCEDA and Central Hudson.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

7. Unearned Revenue (Continued):

Ellenville Million Project

The Alliance entered into a contract with Ulster County in 2015 to administer the Ellenville Million project. The Ellenville Million project was established to provide funding to nine project areas recommended by the Ellenville Million Committee. The Alliance will enter into an appropriate contractual relationship with all entities implementing projects and will reimburse entities for appropriate expenses. The Alliance invoices the County for 80% of funding upon the submission of a completed and approved project plan and required contracts. Upon the submission and approval of the Alliance's final report, the County will provide the remaining 20% of funding.

The following is a summary of unearned revenue at December 31, 2018:

Project	Balance 12/31/17	Project Receipts	Project revenue earned	Balance 12/31/18
Ready2Go Fund	\$ 66,576	\$ -	\$ -	\$ 66,576
Prepaid loan interest	140	99	(140)	99
Ellenville Million Project	118,096	202,838	(206,855)	114,079
	<u>\$ 184,812</u>	<u>\$ 202,937</u>	<u>\$ (206,995)</u>	<u>\$ 180,754</u>

The following is a summary of unearned revenue at December 31, 2017:

Project	Balance 12/31/16	Project Receipts	Project revenue earned	Balance 12/31/17
Ready2Go Fund	\$ 62,325	\$ 4,251	\$ -	\$ 66,576
Prepaid loan interest	-	140	-	140
Ellenville Million Project	83,775	201,156	(166,835)	118,096
	<u>\$ 146,100</u>	<u>\$ 205,547</u>	<u>\$ (166,835)</u>	<u>\$ 184,812</u>

8. Related Parties:

Ulster County Economic Development Alliance, Inc. does not have its own employees and recognizes no payroll expenses. Ulster County's finance department has assumed the accounting responsibilities and the County's Office of Economic Development has assumed the administration of the Alliance. Donated services have not been reflected in these financial statements.

For the years ended December 31, 2018 and 2017, the Alliance earned \$125,000 and \$170,000 respectively, of revenue from Ulster County to provide marketing, education, support services and program administration. The Alliance has a due from Ulster County at December 31, 2018 and 2017 for \$52,124 and 161,300, respectively. During the years ended December 31, 2018 and 2017, the Alliance did not pay rent to Ulster County.

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

8. Related Parties (Continued):

The Ellenville Million Project as described in Note 7 is funded by a contract with Ulster County.

For the years ended December 31, 2018 and 2017, the Alliance earned \$5,000 and \$5,000, respectively, of revenue from the UCIDA for marketing support.

Real Property

Ulster County transferred the deeds to three properties to the Alliance during 2015 for the purpose of selling the properties at the highest potential value. When the Alliance sells the properties, the net proceeds will be transferred to Ulster County in accordance with the respective resolutions that granted the properties to the Alliance. Because of the relationship between Ulster County and the Alliance, this transfer of properties (which are fully depreciated at the County level) are not recorded as an asset of the Alliance in accordance with GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues".

During the year ended December 31, 2016, the Alliance entered in a contract on September 29, 2016, with a New York not-for-profit organization, RUPCO, Inc. for the sale of the property located at 300 Flatbush Ave., Kingston, NY. The selling price is \$950,000, which was payable upon closing of the transaction to Ulster County. The purchaser had deposited \$25,000 during 2017 with Ulster County as intermediary, which is included in current assets and current liabilities as a deposit at December 31, 2017. An additional deposit of \$23,750 was provided by RUPCO, Inc. during the year ended December 31, 2017 and was applied to the purchase price at closing.

On April 23, 2018 RUPCO, Inc. finalized the purchase of the property located at 300 Flatbush Ave., Kingston, NY for the purchase price of \$950,000 minus the purchaser's credits of \$25,000 and \$23,750 for a total due at closing of \$901,250. The cashier's check for \$897,450 along with a transfer of tax paid by Benchmark Title Agency, LLC of \$3,800 concluded the sale. As discussed above, the proceeds were paid immediately to Ulster County.

9. Restricted Net Position:

Restricted net position consists of the following at December 31, 2018 and 2017:

	2018	2017
Telecommunications Fund	\$ 198,915	198,632
Total Restricted Net Position	\$ 198,915	\$ 198,632

See independent auditors' report.



PATTISON, KOSKEY, HOWE & BUCCI

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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 Board of Directors
Ulster County Economic Development Alliance, Inc.

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 Ulster County Economic Development Alliance, Inc. as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Ulster County Economic Development Alliance, Inc.'s basic financial statements, and have issued our report thereon dated March 27, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ulster County Economic Development Alliance, Inc.'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 Ulster County Economic Development Alliance, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Ulster County Economic Development Alliance, Inc.'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 Ulster County Economic Development Alliance, Inc.'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.

Kingston, New York
March __, 2019

SUPPLEMENTARY INFORMATION

Draft

Ulster County Economic Development Alliance, Inc.
(A blended component unit of Ulster County, New York)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
Year ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Contract and administrative fees	\$ 131,900	\$ 133,894	\$ 1,994
Contract fees - Ellenville Million	675,000	206,855	(468,145)
Miscellaneous	-	11,492	11,492
Interest on deposits	100	525	425
Interest income - loans	8,200	25,706	17,506
Educational events	5,000	2,200	(2,800)
Total revenues	820,200	380,672	(439,528)
Expenditures:			
Contractual expense	4,700	2,243	2,457
Professional fees	17,500	12,405	5,095
Educational events	6,000	1,508	4,492
Dues and subscriptions	12,500	10,000	2,500
Insurance	5,500	4,147	1,353
Marketing and advertising	95,000	118,138	(23,138)
Contracts for services - Ellenville Million	675,000	206,855	468,145
Office expense	4,000	353	3,647
Provision for loan (recoveries) losses	-	3,348	(3,348)
Interest expense	-	1,055	(1,055)
Total expenditures	820,200	360,401	459,799
Total revenues in excess/(in deficiency) of expenditures	\$ -	\$ 20,271	\$ 20,271

See independent auditors' report.

Ulster County Economic Development Alliance, Inc.
(a blended component unit of Ulster County, New York)
USDA Intermediary Relending Program Loan Fund
December 31, 2018 and 2017

SCHEDULES OF NET POSITION

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 124,557	\$ 47,392
Loans receivable, current portion	-	7,685
Total current assets	124,557	55,077
Loans receivable, less current portion	-	96,191
Total assets	\$ 124,557	\$ 151,268
LIABILITIES AND NET POSITION		
Current liabilities:		
Current portion note payable	\$ 20,413	\$ 25,016
Due to other funds	-	2,161
Total current liabilities	20,413	27,177
Long-term portion of debt	-	20,413
Total liabilities	20,413	47,590
Net position:		
Unrestricted	104,144	103,678
Total liabilities and net position	\$ 124,557	\$ 151,268

SCHEDULES OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the years ended December 31, 2018 and 2017

Operating revenues:		
Late fees collected	\$ 36	\$ 327
Interest on loans	1,719	4,322
Total revenue	1,755	4,649
Operating expenses:		
Administrative expense	859	2,161
Total expenses	859	2,161
Operating income/(loss)	896	2,488
Non-operating revenues (expenses):		
Interest on deposits	24	12
Interest expense	(454)	(702)
Total non-operating loss	(430)	(690)
Change in net position	466	1,798
Net position, beginning	103,678	101,880
Net position, ending	\$ 104,144	\$ 103,678

See independent auditors' report.