

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
(A Blended Component Unit of Ulster County, New York)

FINANCIAL STATEMENTS  
(and reports of Independent Auditors)

December 31, 2016 and 2015

Ulster County Economic Development Alliance, Inc.  
(A Blended Component Unit of Ulster County, New York)  
December 31, 2016 and 2015  
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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, 2016 and 2015, 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.

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, 2016 and 2015, and the respective changes in financial

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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 28, 2017 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.

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

Valatie, New York  
March 28, 2017

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
(a blended component unit of Ulster County, New York)  
MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2016 and 2015



## **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 years ended December 31, 2016 and 2015. Please read this report in conjunction with the Alliance's 2016 and 2015 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 \$66,131 (or 4.2%) as a result of operations in 2016 and increased by \$44,470 (or 2.9%) as a result of operations in 2015.

In 2016, revenues increased \$306,053 compared to 2015, or 160%.

In 2015, revenues decreased \$10,185 compared to 2014, or 5.1%.

In 2016, expenses increased \$284,392 compared to 2015, or 199%.

In 2015, expenses decreased \$17,054 compared to 2014, or 10.4%.

## **Organization Highlights**

The Alliance's 2016 highlights include:

- Hired Raleigh Green to develop and implement a marketing plan for 2016.
- Hired Luminary Media to develop an Economic Development guide.
- Continued to publish a monthly "Featured Properties" email.
- Hosted several events geared toward increasing economic development in Ulster County including webinars, and quarterly breakfast meetings.
- Marketed three former County-owned properties for sale and accepted one purchase offer, in order to return those properties to the tax rolls and enhance economic development.
- Continued implementation of Ulster County's Ellenville Million initiative.
- Prepared a "Parks & Recreation" plan for the Village of Ellenville and Town of Wawarsing.
- Supported efforts to expand NYS Film Tax Credit program to include maximum incentives for Ulster County.
- Continued to service ten 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.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
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**Organization Highlights (Continued)**

The Alliance's 2015 highlights include:

- Hired Peter Fairweather Consulting to conduct a Targeted Industry Analysis in order to best focus marketing efforts, and then used the Targeted Industry Analysis to plan for 2016 marketing efforts.
- Created and implemented a successful marketing campaign targeting tech entrepreneurs in New York City.
- Continued to publish a quarterly e-newsletter and a monthly "Featured Properties" e-blast.
- Hosted several events geared toward increasing economic development in Ulster County including webinars, panel discussions, and quarterly breakfast meetings.
- Marketed three former County-Owned properties for sale, in order to return those properties to the tax rolls and enhance economic development.
- Began implementation of Ulster County's Ellenville Million initiative.
- Continued oversight provided to all loan projects, including visits to each site.

**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 Alliance's net position and changes in net position. One way to measure the Alliance'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 2016 was \$1,637,115, an increase of \$66,131 over the net position of \$1,570,984 at the beginning of 2016. The Alliance's net position at the end of 2015 was \$1,570,984, an increase of \$44,470 over the net position of \$1,526,514 at the beginning of 2015.

Our analysis in the following pages focus on net position (Table 1) and the changes in net position (Table 2).

See independent auditors' report

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
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**Table 1 – Statement of Net Position**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Assets</b>			
Current assets	\$ 1,571,957	\$ 1,505,588	\$ 1,317,952
Other assets	358,475	478,560	605,319
Total Assets	<u>\$ 1,930,432</u>	<u>\$ 1,984,148</u>	<u>\$ 1,923,271</u>
<b>Liabilities</b>			
Current liabilities	\$ 88,788	\$ 37,550	\$ 63,615
Long-term liabilities	204,529	375,614	333,142
Total Liabilities	<u>\$ 293,317</u>	<u>\$ 413,164</u>	<u>\$ 396,757</u>
<b>Net Position</b>			
Unrestricted	\$ 1,438,146	\$ 1,372,795	\$ 1,328,745
Restricted	198,969	198,189	197,317
Invested in capital assets	-	-	452
Total Net Position	<u>\$ 1,637,115</u>	<u>\$ 1,570,984</u>	<u>\$ 1,526,514</u>

**Current Assets:**

Cash totals at the end 2016 were \$1,311,471 versus \$1,308,005 and \$1,023,052, respectively, at the end of 2015 and 2014. This increase in cash was a result of the pay downs of outstanding loan receivables in 2016. The Loans Receivable total at the end of 2016 was \$488,405 versus \$608,078 and \$739,510, respectively, at the end of 2015 and 2014.

**Current Liabilities:**

Liabilities at the end of 2016 were \$293,317 versus \$413,164 and \$396,757, respectively, at the end of 2015 and 2014 due to repayment of long term debts and changes of deferred revenues for the Ellenville Million and Ready2Go programs.

See independent auditors' report

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**Table 2 – Change in Net Position**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Revenues:</b>			
Ulster County	\$ 150,000	\$ 150,000	\$ 150,000
Interest on loans	23,230	28,348	35,427
Other income	324,060	12,889	15,995
Total Revenues	497,290	191,237	201,422
<b>Expenses:</b>			
Operating expenses	429,324	142,350	159,754
Non-operating expenses	1,835	4,417	4,067
Total Expenses	431,159	146,767	163,821
<b>Changes in Net Position:</b>	\$ 66,131	\$ 44,470	\$ 37,601

The Agency's revenues in 2016 were \$497,290 versus \$191,237 and \$201,422, respectively, in 2015 and 2014. Expenses in 2016 were \$431,159 versus \$146,767 and \$163,821, respectively, in 2015 and 2014. Revenues and expenses significantly increased in 2016 over 2015 and 2014 as a result of the Ellenville Million project and the release of Ready2Go funding for a project.

**Capital Assets and Long-Term Debt**

There were no capital asset additions in 2016 or 2015, and the Alliance did not take on any long-term debt in 2016 or 2015.

**Budget**

In October of 2015, the Alliance adopted a 2016 budget projecting revenues to be \$1,176,600 and expenses to be \$1,176,600. Actual 2016 revenues totaled \$477,932 and actual 2016 expenses totaled \$411,800. Revenues and expenses were significantly under budget as some Ellenville Million project components are not anticipated to be completed until 2017.

**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.

See independent auditors' report

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE  
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STATEMENTS OF NET POSITION  
December 31, 2016 and 2015

ASSETS

	2016	2015
Current assets:		
Cash and cash equivalents	\$ 1,311,471	\$ 1,308,005
Accounts receivable	8,657	9,500
Loans receivable, current portion	129,930	129,518
Due from Ulster County	93,645	37,500
Due from UCIDA	3,254	1,065
Contract advance	-	20,000
Deposit on sale of property	25,000	-
Total current assets	1,571,957	1,505,588
Other assets:		
Property and equipment, net of \$411,510 of accumulated depreciation as of December 31, 2016 and 2015, respectively	-	-
Loans receivable, less current portion, net of an allowance of \$28,818 and \$38,148 as of December 31, 2016 and 2015, respectively	358,475	478,560
Total other assets	358,475	478,560
Total assets	\$ 1,930,432	\$ 1,984,148

LIABILITIES AND NET POSITION

Current liabilities:		
Accounts payable	\$ 26,020	\$ 27
Current portion of note payable	24,768	24,523
Deposit	25,000	-
Due to Ulster County, current portion	13,000	13,000
Total current liabilities	88,788	37,550
Long term liabilities:		
Long-term debt	45,429	70,197
Due to Ulster County, long-term portion	13,000	26,000
Unearned revenue	146,100	279,417
Total long-term liabilities	204,529	375,614
Total liabilities	293,317	413,164
Net position:		
Unrestricted	1,438,146	1,372,795
Restricted	198,969	198,189
Total net position	1,637,115	1,570,984
Total liabilities and net position	\$ 1,930,432	\$ 1,984,148

See independent auditors' report and notes to financial statements.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE  
 (a blended component unit of Ulster County, New York)  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 Years ended December 31, 2016 and 2015

	2016	2015
Operating Revenues:		
Contract and administrative fees	\$ 150,000	\$ 151,200
Contract fees - Ellenville Million	218,870	-
Contributions	87,092	-
Interest on loans	23,230	28,348
Marketing support from UCIDA	5,000	5,000
Late fees collected	1,733	2,914
Miscellaneous income	10,724	3,227
Total operating revenues	496,649	190,689
Operating Expenses:		
Contractual expense	87,799	401
Professional fees	12,126	29,383
Dues and subscriptions	10,000	12,500
Insurance	4,011	3,548
Marketing and advertising	101,775	102,763
Contracts for Services - Ellenville Million	218,870	-
Miscellaneous expenses	230	83
Office expense	3,843	3,246
Rental and maintenance of equipment	-	140
Provision for loan (recoveries) losses	(9,330)	(10,166)
Depreciation	-	452
Total operating expenses	429,324	142,350
Operating income	67,325	48,339
Non-operating revenues (expenses):		
Interest on deposits	641	548
Interest expense	(1,835)	(4,417)
Total non-operating expenses	(1,194)	(3,869)
Change in net position	66,131	44,470
Net position, beginning	1,570,984	1,526,514
Net position, ending	\$ 1,637,115	\$ 1,570,984

See independent auditors' report and notes to financial statements.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE  
(a blended component unit of Ulster County, New York)  
STATEMENTS OF CASH FLOWS  
Years ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Administrative fees	\$ 112,887	\$ 266,306
Grant - Ellenville Million	204,000	80,000
Interest on loans	23,230	28,348
Marketing support from UCIDA	5,000	5,000
Miscellaneous revenue	10,724	3,227
Return of Ready2Go funding to UCIDA	(50,000)	-
Loans paid back	129,003	141,598
Payment to contract recipient	-	(20,000)
Payments to vendors	(392,661)	(178,377)
Net cash provided by operating activities	42,183	326,102
Cash flows from investing activities		
Interest received	641	548
Net cash provided by investing activities	641	548
Cash flows from financing activities		
Interest expense	(1,835)	(4,417)
Payments on long-term debt	(37,523)	(37,280)
Net cash used for financing activities	(39,358)	(41,697)
Net increase in cash	3,466	284,953
Cash and cash equivalents, beginning of year	1,308,005	1,023,052
Cash and cash equivalents, end of year	\$ 1,311,471	\$ 1,308,005
Cash flows from operating activities		
Operating income	\$ 67,325	\$ 48,339
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	452
Provision for loan losses	(9,330)	(10,166)
Changes in operating assets and liabilities		
Decrease (Increase) in accounts receivable	843	(171)
Decrease in loans receivable	129,003	141,598
(Increase) decrease in due from Ulster County	(56,145)	112,500
(Increase) decrease in due from UCIDA	(2,189)	(137)
(Decrease) increase in unearned revenue	(133,317)	80,000
Decrease (increase) in contract advance	20,000	(20,000)
Increase (decrease) in accounts payable	25,993	(26,313)
Net cash provided by operating activities	\$ 42,183	\$ 326,102
SUPPLEMENTAL DISCLOSURE:		
Deposit received on sale of property and held by Ulster County	\$ 25,000	\$ -

See independent auditors' report and notes to financial statements.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
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NOTES TO FINANCIAL STATEMENTS  
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**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.

Ready2Go Fund

UCEDA is the fiscal agent for the Ulster Ready2Go Program, a joint activity of UCEDA with the County, Central Hudson and the Ulster County Industrial Development Agency (UCIDA). The program is a revolving loan fund with a lien taken on the subject property and at the sale of the property the lien is removed upon repayment of funds. These funds are then available for other Ready2Go projects. During the year ended December 31, 2016, the UCEDA approved repurposing the Ready2Go funds and returned \$50,000 to the UCIDA effectively closing the Ready2Go fund. See Note 7 for additional details.

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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**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, 2017. 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).

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**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.

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.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**2. Summary of Significant Accounting Policies (Continued):**

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.

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.

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 Alliance 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 0% to 5.92%.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
(a blended component unit of Ulster County, New York)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2016 and 2015

**2. Summary of Significant Accounting Policies (Continued):**

Loans and Allowance for Loan Losses (Continued):

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.

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 28, 2017, which is the date the financial statements were available to be issued.

**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, 2016:

Bank	Book Balance	Bank Balance	FDIC Coverage	Pledged Collateral
M&T	\$ 1,311,471	\$ 1,317,721	\$ 250,000	\$ 1,088,719

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
(a blended component unit of Ulster County, New York)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2016 and 2015

**3. Cash and Cash Equivalents (Continued):**

The following is a summary of cash and cash equivalents as included in the statement of net position at December 31, 2015:

Bank	Book Balance	Bank Balance	FDIC Coverage	Pledged Collateral
M&T	\$ 1,308,005	\$ 1,308,025	\$ 250,000	\$ 1,078,828

At December 31, 2016 and 2015, deposits of the Alliance were fully covered by federal depository insurance (FDIC) and by collateral held by the Bank in the Alliance's name.

The following represents the cash balances at December 31, 2016 and 2015 by fund:

Fund:	2016	2015
Operating Fund	\$ 260,962	\$ 246,875
Ellenville Million	84,488	60,000
CDBG Fund	631,445	519,535
Ready2Go Fund	57,411	200,301
USDA Intermediary Relending Program Loan Fund	60,480	75,983
Telecommunications Fund	171,458	169,700
Section 108	43,394	33,778
Revolving Loan Fund	1,833	1,833
Total	<u>\$ 1,311,471</u>	<u>\$ 1,308,005</u>

**4. Property and Equipment:**

A summary of property and equipment is as follows as of December 31, 2016 and 2015:

	Balance at 12/31/2015	Additions	Disposals	Balance at 12/31/2016
Equipment- grant related	\$ 352,485	\$ -	\$ -	\$ 352,485
Vehicle and office equipment	59,025	-	-	59,025
	411,510	<u>\$ -</u>	<u>\$ -</u>	411,510
Accumulated depreciation	(411,510)			(411,510)
Total property and equipment	<u>\$ -</u>			<u>\$ -</u>

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
(a blended component unit of Ulster County, New York)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2016 and 2015  
-----

**4. Property and Equipment (Continued):**

	Balance at 12/31/2014	Additions	Disposals	Balance at 12/31/2015
Equipment- grant related	\$ 352,485	\$ -	\$ -	\$ 352,485
Vehicle and office equipment	59,025	-	-	59,025
	411,510	\$ -	\$ -	411,510
Accumulated depreciation	(411,058)			(411,510)
Total property and equipment	\$ 452			\$ -

There was no depreciation expense during the years ended December 31, 2016 and 2015, respectively.

**5. Loans Receivable:**

During the years ended December 31, 2016 and 2015, the Alliance did not enter into any new loan agreements.

The total loan balance at December 31, 2016 and 2015 was comprised of 10 loans totaling \$517,223 and 10 loans totaling \$646,226, respectively. The loan balance at December 31, 2016 was comprised of 4 loans making up 75% of the loan balance and the loan balance at December 31, 2015 was comprised of 4 loans making up 71% of the loan balance.

A summary of changes to loan receivable balances for the year ended December 31, 2016 are as follows:

	Balance 12/31/15	New Loans	Payments	Balance 12/31/16
AmeriBag	\$ 60,251	\$ -	\$ 22,614	\$ 37,637
Bread Alone - CDBG	138,018	-	5,487	132,531
Falcon Music & Art	31,028	-	8,700	22,328
Serra, LLC	18,786	-	6,494	12,292
GAMEX, LLC	85,574	-	10,159	75,415
Gillette Creamery	121,985	-	49,053	72,932
New World Catering	44,036	-	18,016	26,020
Bread Alone - Telecommunications	27,604	-	1,097	26,507
	527,282	-	121,620	405,662
USDA Loan program:				
Bread Alone	110,415	-	4,389	106,026
Costas & Tate	8,529	-	2,994	5,535
	118,944	-	7,383	111,561
	\$ 646,226	\$ -	\$ 129,003	\$ 517,223

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
(a blended component unit of Ulster County, New York)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2016 and 2015  
-----

**5. Loan Receivable (Continued):**

The allowance for loan losses activity during the year ended December 31, 2016 and was as follows:

Balance, beginning of year	\$ 38,148
Provision	(9,330)
Write-offs	-
Recoveries	-
Balance, end of year	<u>\$ 28,818</u>

A summary of changes to loan receivable balances for the year ended December 31, 2015 are as follows:

	Balance 12/31/14	New Loans	Payments	Balance 12/31/15
AmeriBag	\$ 81,980	\$ -	\$ 21,729	\$ 60,251
Bread Alone - CDBG	143,290	-	5,272	138,018
Falcon Music & Art	38,731	-	7,703	31,028
Serra, LLC	24,168	-	5,382	18,786
GAMEX, LLC	94,953	-	9,379	85,574
Gillette Creamery	169,118	-	47,133	121,985
New World Catering	63,291	-	19,255	44,036
Bread Alone - Telecommunications	28,658	-	1,054	27,604
Oxlove Workshop - Telecommunications	17,597	-	17,597	-
	<u>661,786</u>	<u>-</u>	<u>134,504</u>	<u>527,282</u>
USDA Loan program:				
Bread Alone	114,632	-	4,217	110,415
Costas & Tate	11,406	-	2,877	8,529
	<u>126,038</u>	<u>-</u>	<u>7,094</u>	<u>118,944</u>
	<u>\$ 787,824</u>	<u>\$ -</u>	<u>\$ 141,598</u>	<u>\$ 646,226</u>

The allowance for loan losses activity during the year ended December 31, 2015 and was as follows:

Balance, beginning of year	\$ 48,314
Provision	(10,166)
Write-offs	-
Recoveries	-
Balance, end of year	<u>\$ 38,148</u>

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
(a blended component unit of Ulster County, New York)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2016 and 2015  
-----

**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, 2016 and 2015 consisted of:

	2016	2015
<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 (.45% and .28% at December 31, 2016 and 2015, respectively. The original loan dated August 1, 2008 was for \$130,000.</p>	\$ 26,000	\$ 39,000
<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>	70,197	94,720
Total:	96,197	133,720
Less current portion:	37,768	37,523
Long-Term Portion:	\$ 58,429	\$ 96,197

The following is a summary of long-term debt activity during the year ended December 31, 2016:

	Balance 12/31/15	New Loans	Payments	Balance 12/31/16
HUD Section 108 loan	\$ 39,000	\$ -	\$ 13,000	\$ 26,000
USDA Intermediary Relending Program	94,720	-	24,523	70,197
	\$ 133,720	\$ -	\$ 37,523	\$ 96,197

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
(a blended component unit of Ulster County, New York)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2016 and 2015  
-----

**6. Long-Term Debt (Continued):**

The following is a summary of long-term debt activity during the year ended December 31, 2015:

	Balance 12/31/14	New Loans	Payments	Balance 12/31/15
HUD Section 108 loan	\$ 52,000	\$ -	\$ 13,000	\$ 39,000
USDA Intermediary Relending Program	119,000	-	24,280	94,720
	<u>\$ 171,000</u>	<u>\$ -</u>	<u>\$ 37,280</u>	<u>\$ 133,720</u>

Maturities of long-term debt are as follows:

2017	\$ 37,768
2018	38,016
2019	20,413
2020	-
	<u>\$ 96,197</u>

**7. Unearned Revenue:**

Unearned revenue represents contributions received for the Ready2Go Fund and the Ellenville Million project during the years ended December 31, 2016 and 2015, 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 and 2015. 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. Any unspent funds at December 7, 2017 from Central Hudson's original \$148,000 contribution will be returned to Central Hudson. There was no activity in the Ready2Go Fund during the year ended December 31, 2015.

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.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
(a blended component unit of Ulster County, New York)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2016 and 2015  
-----

**7. Unearned Revenue (Continued):**

The following is a summary of unearned revenue at December 31, 2016:

Project	Balance 12/31/15	Project Receipts	Project revenue earned	Balance 12/31/16
Ready2Go Fund	\$ 199,417	\$ -	\$ (137,092)	\$ 62,325
Ellenville Million Project	80,000	204,000	(200,225)	83,775
	<u>\$ 279,417</u>	<u>\$ 204,000</u>	<u>\$ (337,317)</u>	<u>\$ 146,100</u>

The following is a summary of unearned revenue at December 31, 2015:

Project	Balance 12/31/14	Project Receipts	Project revenue earned	Balance 12/31/15
Ready2Go Fund	\$ 199,417	\$ -	\$ -	\$ 199,417
Ellenville Million Project	-	80,000	-	80,000
	<u>\$ 199,417</u>	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 279,417</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 Business Services has assumed the administration of the Alliance. Donated services have not been reflected in these financial statements.

For the years ended December 31, 2016 and 2015, the Alliance earned \$150,000 and \$150,000, 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, 2016 and 2015 for \$93,645 and 37,500, respectively. During the years ended December 31, 2016 and 2015, the Alliance did not pay rent to Ulster County.

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

For the years ended December 31, 2016 and 2015, the Alliance earned \$5,000 and \$5,000, respectively, of revenue from the UCIDA for marketing support. At December 31, 2016 and 2015, the Alliance had a receivable of \$3,254 and \$1,065, respectively, from UCIDA.

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".

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.  
(a blended component unit of Ulster County, New York)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2016 and 2015  
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**8. Related Parties (Continued):**

Real Property (Continued):

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 will be payable upon closing of the transaction to Ulster County. The purchaser has deposited \$25,000 with Ulster County as intermediary, which is included in current assets and current liabilities as a deposit at December 31, 2016.

**9. Restricted Net Position:**

Restricted net position consists of the following at December 31, 2016 and 2015:

	2016	2015
Telecommunications Fund	\$ 197,974	\$ 197,304
Ready2Go Fund	994	885
Total Restricted Net Position	\$ 198,968	\$ 198,189



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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, 2016, 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 28, 2017.

***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.

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.

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### ***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.

*Pattison, Koskey, Howes Bucci, CPAs, P.C.*

Valatie, New York  
March 28, 2017

SUPPLEMENTARY INFORMATION

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE  
(a blended component unit of Ulster County, New York)  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
Year ended December 31, 2016

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>Revenues:</b>			
Contract and administrative fees	\$ 161,900	\$ 161,437	\$ (463)
Contract fees - Ellenville Million	1,000,000	218,870	(781,130)
Contributions	-	87,092	87,092
Interest on deposits	100	641	541
Interest income - loans	11,600	23,230	11,630
Educational events	3,000	6,020	3,020
Total revenues	1,176,600	497,290	(679,310)
<b>Expenditures:</b>			
Contractual expense	9,500	87,799	(78,299)
Professional fees	37,000	12,126	24,874
Educational events	4,500	7,537	(3,037)
Dues and subscriptions	12,500	10,000	2,500
Insurance	5,500	4,011	1,489
Marketing and advertising	100,000	94,238	5,762
Contracts for services - Ellenville Million	1,000,000	218,870	781,130
Miscellaneous expenses	-	230	(230)
Office expense	4,000	3,843	157
Rental and maintenance of equipment	3,600	-	3,600
Provision for loan (recoveries) losses	-	(9,330)	9,330
Interest expense	-	1,835	(1,835)
Total expenditures	1,176,600	431,159	745,441
Total revenues in excess/(in deficiency) of expenditures	\$ -	\$ 66,131	\$ 66,131

See independent auditors' report and notes to financial statements.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE

(a blended component unit of Ulster County, New York)

USDA Intermediary Relending Program Loan Fund

December 31, 2016 and 2015

SCHEDULES OF NET POSITION

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 60,480	\$ 75,983
Accounts receivable	36	-
Loans receivable, current portion	7,685	7,383
Total current assets	<u>68,201</u>	<u>83,366</u>
Loans receivable, less current portion	103,876	111,560
Total assets	<u>\$ 172,077</u>	<u>\$ 194,926</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Current portion note payable	\$ 24,768	\$ 24,523
Total current liabilities	<u>24,768</u>	<u>24,523</u>
Long-term portion of debt	<u>45,429</u>	<u>70,197</u>
Total liabilities	<u>70,197</u>	<u>94,720</u>
Net position:		
Unrestricted	101,880	100,206
Total liabilities and net position	<u>\$ 172,077</u>	<u>\$ 194,926</u>

SCHEDULES OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

For the years ended December 31, 2016 and 2015

Operating revenues:		
Late fees collected	\$ 291	\$ 400
Interest on loans	4,623	4,912
Total revenue	<u>4,914</u>	<u>5,312</u>
Operating expenses:		
Administrative expense	2,310	5,052
Total expenses	<u>2,310</u>	<u>5,052</u>
Operating income/(loss)	<u>2,604</u>	<u>260</u>
Non-operating revenues (expenses):		
Interest on deposits	17	22
Interest expense	(947)	(1,190)
Total non-operating loss	<u>(930)</u>	<u>(1,168)</u>
Change in net position	1,674	(908)
Net position, beginning	<u>100,206</u>	<u>101,114</u>
Net position, ending	<u>\$ 101,880</u>	<u>\$ 100,206</u>

See independent auditors' report and notes to financial statements.