

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

FINANCIAL STATEMENTS
(and reports of Independent Auditors)

December 31, 2017 and 2016

Ulster County Economic Development Alliance, Inc.
(A Blended Component Unit of Ulster County, New York)
December 31, 2017 and 2016
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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, 2017 and 2016, 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, 2017 and 2016, and the respective

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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 28, 2018 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.

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

Kingston, New York
March 28, 2018

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(a blended component unit of Ulster County, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2017 and 2016



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, 2017. Please read this report in conjunction with the Alliance's 2017 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 has increased by \$76,473 (or 4.7%) as a result of operations in 2017.

In 2017, revenues decreased \$123,098 compared to 2016, or 24.75%
In 2016, revenues increased \$306,053 compared to 2015, or 160.0%.

In 2017, expenses decreased \$133,440 compared to 2016, or 30.95%
In 2016, expenses increased \$284,392 compared to 2015, or 193.8%.

Organization Highlights

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 site and preparation of required reporting documents for funders.

See independent auditors' report.

2016 UCEDA 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 loan 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.

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 2017 was \$1,713,588, an increase of \$76,473 over the net position of \$1,637,115 at the beginning of 2017. 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.

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>2017</u>	<u>2016</u>	<u>2015</u>
Assets:			
Current assets	\$ 1,868,227	\$ 1,571,957	\$ 1,505,588
Other assets	204,275	358,475	478,560
Total assets	<u>\$ 2,072,502</u>	<u>\$ 1,930,432</u>	<u>\$ 1,984,148</u>
Liabilities:			
Current liabilities	\$ 153,688	\$ 88,788	\$ 37,550
Long term liabilities	205,226	204,529	375,614
Total liabilities	<u>\$ 358,914</u>	<u>\$ 293,317</u>	<u>\$ 413,164</u>
Net position:			
Unrestricted	\$ 1,513,932	\$ 1,438,146	\$ 1,372,795
Restricted	199,656	198,969	198,189
Total net position	<u>\$ 1,713,588</u>	<u>\$ 1,637,115</u>	<u>\$ 1,570,984</u>

Current Assets:

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 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.

Cash totals at the end 2016 were \$1,311,471 versus \$1,308,005 at the end of 2015. 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 at the end of 2015.

Current Liabilities:

Liabilities at the end of 2017 were \$358,914 versus \$293,317 and \$413,164 at the end of 2016 and 2015, respectively.

See independent auditors' report.

Table 2 – Change in Net Position

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:			
Ulster County	\$ 170,000	\$ 150,000	\$ 150,000
Interest on loans	20,341	23,230	28,348
Other income	183,851	324,060	12,889
Total revenues	<u>\$ 374,192</u>	<u>\$ 497,290</u>	<u>\$ 191,237</u>
Expenses:			
Operating expenses	\$ 295,824	\$ 429,324	\$ 142,350
Non-operating expenses	1,895	1,835	4,417
Total expenses	<u>\$ 297,719</u>	<u>\$ 431,159</u>	<u>\$ 146,767</u>
Changes in net position	<u>\$ 76,473</u>	<u>\$ 66,131</u>	<u>\$ 44,470</u>

The Agency's revenues in 2017 were \$374,192 versus \$497,290 and \$191,237 in 2016 and 2015, respectively. Expenses in 2017 were \$297,716 versus \$431,159 and \$146,767 in 2016 and 2015, respectively. Revenues and expenses decreased in 2017 from 2016 due to a release of Ready2Go funding for a project in 2016.

Capital Assets and Long-Term Debt

There were no capital asset additions in 2017 or 2016, and the Alliance did not take on any long-term debt in 2017 or 2016.

Budget

In October of 2016, the Alliance adopted a 2017 budget projecting revenues to be \$1,047,800 and expenses to be \$1,047,800. Actual 2017 revenues totaled \$374,192 and actual 2017 expenses totaled \$297,719. Revenues and expenses were significantly under budget as some Ellenville Million project components are not anticipated to be completed until 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.

See independent auditors' report.

Ulster County Economic Development Alliance, Inc.
(A Blended Component Unit of Ulster County, New York)
STATEMENTS OF NET POSITION
December 31, 2017 and 2016

ASSETS

	2017	2016
Current assets:		
Cash and cash equivalents	\$ 1,324,033	\$ 1,311,471
Accounts receivable	5,668	8,657
Loans receivable, current portion	352,226	129,930
Due from Ulster County	161,300	93,645
Due from UCIDA	-	3,254
Deposit on sale of property	25,000	25,000
Total current assets	1,868,227	1,571,957
Other assets:		
Property and equipment, net of \$411,510 of accumulated depreciation as of December 31, 2017 and 2016, respectively	-	-
Loans receivable, less current portion, net of an allowance of \$11,343 and \$28,818 as of December 31, 2017 and 2016, respectively	204,275	358,475
Total other assets	204,275	358,475
Total assets	\$ 2,072,502	\$ 1,930,432

LIABILITIES AND NET POSITION

Current liabilities:		
Accounts payable	\$ 66,922	\$ 26,020
Current portion of note payable	25,016	24,768
Deposit	48,750	25,000
Due to Ulster County, current portion	13,000	13,000
Total current liabilities	153,688	88,788
Long term liabilities:		
Long-term debt	20,413	45,429
Due to Ulster County, long-term portion	-	13,000
Unearned revenue	184,813	146,100
Total long-term liabilities	205,226	204,529
Total liabilities	358,914	293,317
Net position:		
Unrestricted	1,513,932	1,438,146
Restricted	199,656	198,969
Total net position	1,713,588	1,637,115
Total liabilities and net position	\$ 2,072,502	\$ 1,930,432

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, 2017 and 2016

	2017	2016
Operating Revenues:		
Contract and administrative fees	\$ 171,920	\$ 150,000
Contract fees - Ellenville Million	166,835	218,870
Contributions	-	87,092
Interest on loans	20,341	23,230
Marketing support from UCIDA	5,000	5,000
Late fees collected	1,504	1,733
Miscellaneous income	7,687	10,724
Total operating revenues	373,287	496,649
Operating Expenses:		
Contractual expense	80	87,799
Professional fees	12,049	12,126
Dues and subscriptions	10,003	10,000
Insurance	4,130	4,011
Marketing and advertising	115,016	101,775
Contracts for Services - Ellenville Million	166,835	218,870
Miscellaneous expenses	-	230
Office expense	5,186	3,843
Provision for loan (recoveries) losses	(17,475)	(9,330)
Total operating expenses	295,824	429,324
Operating income	77,463	67,325
Non-operating revenues (expenses):		
Interest on deposits	905	641
Interest expense	(1,895)	(1,835)
Total non-operating expenses	(990)	(1,194)
Change in net position	76,473	66,131
Net position, beginning of year	1,637,115	1,570,984
Net position, end of year	\$ 1,713,588	\$ 1,637,115

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, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Administrative fees	\$ 241,574	\$ 112,887
Grant - Ellenville Million	99,645	204,000
Interest on loans	20,432	23,230
Marketing support from UCIDA	5,000	5,000
Miscellaneous revenue	7,687	10,724
Loans disbursed	(192,000)	-
Return of Ready2Go funding to UCIDA	-	(50,000)
Loans paid back	141,379	129,003
Payments to vendors	(272,397)	(392,661)
Net cash provided by operating activities	51,320	42,183
Cash flows from investing activities		
Interest received	905	641
Net cash provided by investing activities	905	641
Cash flows from financing activities		
Interest expense	(1,895)	(1,835)
Payments on long-term debt	(37,768)	(37,523)
Net cash used for financing activities	(39,663)	(39,358)
Net increase in cash and cash equivalents	12,562	3,466
Cash and cash equivalents, beginning of year	1,311,471	1,308,005
Cash and cash equivalents, end of year	\$ 1,324,033	\$ 1,311,471
Cash flows from operating activities		
Operating income	\$ 77,463	\$ 67,325
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for loan losses	(17,475)	(9,330)
Changes in operating assets and liabilities		
Decrease in accounts receivable	2,989	843
(Increase) decrease in loans receivable	(50,621)	129,003
Increase in due from Ulster County	(67,655)	(56,145)
Decrease (increase) in due from UCIDA	3,254	(2,189)
Increase (decrease) in unearned revenue	38,713	(133,317)
Decrease in contract advance	-	20,000
Increase in deposits	23,750	-
Increase in accounts payable	40,902	25,993
Net cash provided by operating activities	\$ 51,320	\$ 42,183
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.
(a blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(a blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017 and 2016

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, 2017 and 2016

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, 2017 and 2016

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.

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.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(a blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017 and 2016

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 0% 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, 2017 and 2016

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 28, 2018, 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, 2017:

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

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

At December 31, 2017 and 2016, deposits of the Alliance were fully covered by federal depository insurance (FDIC) and by collateral held by the 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, 2017 and 2016

3. Cash and Cash Equivalents (Continued):

The following represents the cash balances at December 31, 2017 and 2016 by fund:

Fund:	2017	2016
Operating Fund	\$ 371,321	\$ 260,962
Ellenville Million	46,950	84,488
CDBG Loan Fund	570,024	631,445
Ready2Go Fund	62,251	57,411
USDA Intermediary Relending Program Loan Fund	47,392	60,480
Telecommunications Fund	173,787	171,458
Section 108	50,474	43,394
Revolving Loan Fund	1,834	1,833
Total	\$ 1,324,033	\$ 1,311,471

4. Property and Equipment:

A summary of property and equipment is as follows as of December 31, 2017 and 2016:

	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	\$ -			\$ -

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, 2017 and 2016

4. Property and Equipment (Continued):

	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	\$ -	\$ -	411,510
Accumulated depreciation	(411,510)			(411,510)
Total property and equipment	\$ -			\$ -

There was no depreciation expense during the years ended December 31, 2017 and 2016, respectively.

5. Loans Receivable:

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.

There were no new loans entered into by the Alliance during the year ended December 31, 2016.

The total loan balance at December 31, 2017 and 2016 was comprised of 12 loans totaling \$567,844 and 10 loans totaling \$517,223, respectively. The loan balance at December 31, 2017 was comprised of 4 loans making up 77% of the loan balance and the loan balance at December 31, 2016 was comprised of 4 loans making up 75% of the loan balance. The Bread Alone USDA loan program balance of \$101,457 is included in the short-term balance; however, the amount is expected to be refinanced in 2018.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(a blended component unit of Ulster County, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017 and 2016

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 - CDBG	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 - Telecommunications	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, 2017 and 2016

5. Loan Receivable (Continued):

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
	<u>527,282</u>	<u>-</u>	<u>121,620</u>	<u>405,662</u>
USDA Loan program:				
Bread Alone	110,415	-	4,389	106,026
Costas & Tate	8,529	-	2,994	5,535
	<u>118,944</u>	<u>-</u>	<u>7,383</u>	<u>111,561</u>
	<u>\$ 646,226</u>	<u>\$ -</u>	<u>\$ 129,003</u>	<u>\$ 517,223</u>

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>

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, 2017 and 2016

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, 2017 and 2016 consisted of:

	2017	2016
<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 (1.89% and 1.2% at December 31, 2017 and 2016, respectively. The original loan dated August 1, 2008 was for \$130,000.</p>	\$ 13,000	\$ 26,000
<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>	45,429	70,197
Total:	58,429	96,197
Less current portion:	38,016	37,768
Long-Term Portion:	\$ 20,413	\$ 58,429

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, 2017 and 2016

6. Long-Term Debt (Continued):

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>

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
	<u>\$ 133,720</u>	<u>\$ -</u>	<u>\$ 37,523</u>	<u>\$ 96,197</u>

Maturities of long-term debt are as follows:

2018	\$	38,016
2019		20,413
	\$	<u>58,429</u>

7. Unearned Revenue:

Unearned revenue represents contributions received for the Ready2Go Fund and the Ellenville Million project during the years ended December 31, 2017 and 2016, 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 \$60,908 and a receivable from Central Hudson of \$5,668 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, 2017 and 2016

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, 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>

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>

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, 2017 and 2016, the Alliance earned \$170,000 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, 2017 and 2016 for \$161,300 and 93,645, respectively. During the years ended December 31, 2017 and 2016, 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, 2017 and 2016

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, 2017 and 2016, the Alliance earned \$5,000 and \$5,000, respectively, of revenue from the UCIDA for marketing support. At December 31, 2017 and 2016, the Alliance had a receivable of \$- and \$3,254, 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".

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 during 2016 with Ulster County as intermediary, which is included in current assets and current liabilities as a deposit at December 31, 2017 and 2016. An additional deposit of \$23,750 was provided by RUPCO, Inc. for the year ended December 31, 2017 and will expire if the contract is not executed by April 30, 2018.

9. Restricted Net Position:

Restricted net position consists of the following at December 31, 2017 and 2016:

	2017	2016
Telecommunications Fund	\$ 198,632	\$ 197,974
Ready2Go Fund	-	994
Total Restricted Net Position	<u>\$ 198,632</u>	<u>\$ 198,968</u>

See independent auditors' report.



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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, 2017, 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, 2018.

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, Howe & Bucci, CPAs, P.C.

Kingston, New York
March 28, 2018

SUPPLEMENTARY INFORMATION

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, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Contract and administrative fees	\$ 133,700	\$ 186,111	\$ 52,411
Contract fees - Ellenville Million	900,000	166,835	(733,165)
Interest on deposits	100	905	805
Interest income - loans	9,000	20,341	11,341
Educational events	5,000	-	(5,000)
Total revenues	1,047,800	374,192	(673,608)
Expenditures:			
Contractual expense	4,700	80	4,620
Professional fees	19,000	12,049	6,951
Educational events	7,800	-	7,800
Dues and subscriptions	10,000	10,003	(3)
Insurance	5,500	4,130	1,370
Marketing and advertising	95,000	115,016	(20,016)
Contracts for services - Ellenville Million	900,000	166,835	733,165
Office expense	4,000	5,186	(1,186)
Rental and maintenance of equipment	1,800	-	1,800
Provision for loan (recoveries) losses	-	(17,475)	17,475
Interest expense	-	1,895	(1,895)
Total expenditures	1,047,800	297,719	750,081
Total revenues in excess/(in deficiency) of expenditures	\$ -	\$ 76,473	\$ 76,473

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, 2017 and 2016

SCHEDULES OF NET POSITION

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 47,392	\$ 60,480
Accounts receivable	-	36
Loans receivable, current portion	7,685	7,685
Total current assets	55,077	68,201
Loans receivable, less current portion	96,191	103,876
Total assets	\$ 151,268	\$ 172,077

LIABILITIES AND NET POSITION

Current liabilities:		
Current portion note payable	\$ 25,016	\$ 24,768
Due to other funds	2,161	-
Total current liabilities	27,177	24,768
Long-term portion of debt	20,413	45,429
Total liabilities	47,590	70,197
Net position:		
Unrestricted	103,678	101,880
Total liabilities and net position	\$ 151,268	\$ 172,077

SCHEDULES OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

For the years ended December 31, 2017 and 2016

Operating revenues:		
Late fees collected	\$ 327	\$ 291
Interest on loans	4,322	4,623
Total revenue	4,649	4,914
Operating expenses:		
Administrative expense	2,161	2,310
Total expenses	2,161	2,310
Operating income/(loss)	2,488	2,604
Non-operating revenues (expenses):		
Interest on deposits	12	17
Interest expense	(702)	(947)
Total non-operating loss	(690)	(930)
Change in net position	1,798	1,674
Net position, beginning	101,880	100,206
Net position, ending	\$ 103,678	\$ 101,880

See independent auditors' report.