

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

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

INDEX TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 5
 <u>FINANCIAL STATEMENTS</u>	
Statements of Net Assets	-6-
Statements of Activities	-7-
Statements of Cash Flows	-8-
Notes to Financial Statements	9 - 15
 <u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Bonds Outstanding - Conduit Transactions	-16-
Schedule of Supplemental Information - Bonds	17 - 18
Schedule of Supplemental Information - Straight Lease	19 - 22
Schedule of Supplemental Information - Tickmark Legend	-23-



Jack Judelson, CPA (1907-1987)

Jason T. Giordano, CPA, MST

Bonnie J. Orr, CPA

Gary J. Cassiello, CPA, ABV, CFF

Frank P. Giordano, III, CPA

Robert Unger, CPA, CFE

Domenick T. Del Rosso, CPA, MST

Robert Tannini, CPA, MBA, MST

Corinne Cody, CPA

Andrei C. Adams, CPA, MSA

Ralph J. Martucci, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the Orange County Industrial Development Agency (OCIDA or the Agency), a component unit of Orange County, New York as of and for the years ended December 31, 2014 and 2013, which collectively comprise the Agency's basic financial statements, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Orange County Industrial Development Agency as of December 31, 2014 and 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) and budgetary comparison information on pages 4 and 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2015 on our consideration of the Orange County Industrial Development Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the OCIDA's financial statements as a whole. The Schedules of Supplementary Information listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Judelson, Giordano & Siegel, P.C.

Middletown, New York
February 25, 2015

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

MANAGEMENT'S DISCUSSION & ANALYSIS

This section of the Orange County Industrial Development Agency's (OCIDA) annual financial report presents an analysis of the OCIDA's financial performance during the fiscal year ended December 31, 2014. This information is presented in conjunction with the audited basic financial statements, which follow this section. Additional information is available in the auditor's opinion letter, which precedes management's discussion and analysis.

FINANCIAL HIGHLIGHTS FOR THE YEAR 2014

- The OCIDA's net assets decreased by \$130,702 from \$9,902,334 to \$9,771,632.
- Operating revenues decreased by \$205,262 from \$2,562,207 to \$2,356,945.
- Operating expenses increased by \$890,849 from \$1,596,799 to \$2,487,648.

SUMMARY OF OPERATIONS

<u>Revenues:</u>	<u>2014</u>	<u>2013</u>	<u>Over/Under</u>
Fees	\$ 2,036,876	\$ 2,267,460	(\$ 230,584)
Rental Income	111,248	100,674	10,574
Grant Income	108,000	108,000	0
Interest Income	38,919	34,606	4,313
Recovered Funds	523	0	523
Miscellaneous	61,379	51,467	9,912
Total Revenues	<u>\$ 2,356,945</u>	<u>\$ 2,562,207</u>	<u>(\$ 205,262)</u>
<u>Expenses:</u>			
Administrative expenditures	\$ 1,235,576	\$ 1,182,220	\$ 53,356
Projects	1,062,006	402,665	659,341
Depreciation	12,374	11,914	460
Impairment Loss	177,692	0	177,692
Total Expenses	<u>\$ 2,487,648</u>	<u>\$ 1,596,799</u>	<u>\$ 890,849</u>

FINANCIAL POSITION SUMMARY

Net Assets serve as an indicator of the Agency's financial position. The Agency's Net Assets were \$9,771,632 and \$9,902,334 at December 31, 2014 and 2013, a decrease of \$130,702 or 1.3%. Liabilities were \$378,722 and \$181,659 at December 31, 2014 and 2013, an increase of \$197,063. The decrease in Net Assets is mainly due to the recognition of an impairment loss related to the Agency's investment in New Hampton Technologies, LLC.

For details of the Agency's finances, see the accompanying financial statements and Notes thereof.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements, and Other Required Supplementary Information. The Financial Statements include notes, which explain in detail some of the information included in the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the OCIDA report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statement of Net Assets include information on the OCIDA's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to OCIDA creditors (liabilities). The Statement of Activities identify the OCIDA's revenues and expenses for the years ended December 31, 2014 and 2013. This statement provides information on the OCIDA's operations over the past year and can be used to determine whether the OCIDA has operated in a surplus or deficiency.

FINANCIAL ANALYSIS OF THE AGENCY

The Statement of Net Assets and the Statement of Activities provide an indication of the OCIDA's financial condition and also indicate that the financial condition of the OCIDA has improved or deteriorated during the last year. The OCIDA's net assets reflect the difference between assets and liabilities. An increase in net assets over time typically indicates an improvement in financial condition.

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

STATEMENTS OF NET ASSETS
DECEMBER 31,

	<u>OCIDA / OCBA</u>	<u>OCFC</u>	<u>2014 Total</u>	<u>2013 Total</u>
<u>ASSETS:</u>				
<u>Current Assets:</u>				
Cash and Cash Equivalents	5,114,037	597,522	5,711,559	5,372,025
Certificates of Deposit	3,861,052	0	3,861,052	3,842,782
Accounts Receivable	447,253	0	447,253	562,554
Accrued Interest Receivable	3,333	0	3,333	2,973
Prepaid Expense	13,994	9,781	23,775	22,254
Total Current Assets	9,439,669	607,303	10,046,972	9,802,588
Capital Assets - Net	88,734	0	88,734	89,065
<u>Other Assets:</u>				
Security Deposit	14,648	0	14,648	14,648
Investment in Limited Liability Company	0	0	0	177,692
Total Other Assets	14,648	0	14,648	192,340
TOTAL ASSETS	9,543,051	607,303	10,150,354	10,083,993
<u>LIABILITIES AND NET ASSETS:</u>				
<u>Current Liabilities:</u>				
Accounts Payable and Accrued Expenses	355,826	18,296	374,122	176,059
Tenant Security Deposits	4,600	0	4,600	4,150
Deferred Income	0	0	0	1,450
Total Current Liabilities	360,426	18,296	378,722	181,659
<u>Net Assets:</u>				
Investment in Capital Assets	88,734	0	88,734	89,065
Unrestricted Net Assets - Designated	3,300,000	470,000	3,770,000	1,045,000
Unrestricted Net Assets - Undesignated	5,793,891	119,007	5,912,898	8,768,269
Total Net Assets	9,182,625	589,007	9,771,632	9,902,334
TOTAL LIABILITIES AND NET ASSETS	9,543,051	607,303	10,150,354	10,083,993

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

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

			<u>2014</u>	<u>2013</u>
	<u>OCIDA /</u>	<u>OCFC</u>	<u>Total</u>	<u>Total</u>
	<u>OCBA</u>			
<u>REVENUES:</u>				
Fee Income	1,358,126	0	1,358,126	948,453
Closing Fees	678,750	0	678,750	1,319,007
Rental Income	111,248	0	111,248	100,674
Grant Income	0	108,000	108,000	108,000
Interest Income	37,304	1,615	38,919	34,606
Recovered Funds	0	523	523	0
Administrative Fees	57,500	0	57,500	40,000
Other Income	3,879	0	3,879	11,467
Total Revenues	2,246,807	110,138	2,356,945	2,562,207
<u>EXPENSES:</u>				
Projects	803,662	258,344	1,062,006	402,665
Contractual Expenses	432,579	0	432,579	424,952
Payroll	163,963	0	163,963	121,409
Payroll Taxes	15,301	0	15,301	10,928
Payroll Administration Fees	2,870	0	2,870	2,125
Employee Benefits	18,927	0	18,927	17,966
Rent	175,770	0	175,770	175,770
Management Fees	78,500	0	78,500	72,000
Professional Fees	124,620	11,416	136,036	138,702
Advertising	69,991	0	69,991	90,387
Repairs and Maintenance	46,991	0	46,991	51,303
Telephone	10,332	0	10,332	16,000
Utilities	33,363	0	33,363	19,927
Office Expense	16,324	31	16,355	17,448
Travel and Entertainment	3,400	0	3,400	712
Automobile Expense	1,394	0	1,394	929
Conferences and Seminars	6,213	0	6,213	7,426
Insurance	10,780	10,531	21,311	10,227
Dues and Subscriptions	2,270	0	2,270	3,999
Miscellaneous Expense	10	0	10	10
Depreciation Expense	12,374	0	12,374	11,914
Impairment Loss	177,692	0	177,692	0
Total Expenses	2,207,326	280,322	2,487,648	1,596,799
CHANGE IN NET ASSETS	39,481	(170,184)	(130,703)	965,408
NET ASSETS, BEGINNING OF YEAR	9,143,144	759,191	9,902,335	8,936,926
NET ASSETS, END OF YEAR	9,182,625	589,007	9,771,632	9,902,334

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>OCIDA /</u> <u>OCBA</u>	<u>OCFC</u>	<u>2014</u> <u>Total</u>	<u>2013</u> <u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Change in Net Assets	39,481	(170,184)	(130,703)	965,408
<u>Adjustments to Reconcile Change in Net</u> <u>Assets to Net Cash Provided By (Used in)</u> <u>Operating Activities:</u>				
Depreciation	12,374	0	12,374	11,914
Impairment Allowance	177,692	0	177,692	0
<u>Changes in Assets and Liabilities:</u>				
Accounts Receivable	115,301	0	115,301	(520,539)
Prepaid Expense	(1,852)	331	(1,521)	(18,022)
Accrued Interest	(360)	0	(360)	4,590
Deferred Income	(1,450)	0	(1,450)	1,450
Tenant Security Deposits	450	0	450	(500)
Accounts Payable and Accrued Expenses	185,230	12,833	198,063	(156,249)
Total Adjustments	487,385	13,164	500,549	(677,356)
Net Cash Provided by (Used in) Operating Activities	526,866	(157,020)	369,846	288,052
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Purchase of Fixed Assets	(12,044)	0	(12,044)	(1,913)
Redemption of Certificates of Deposit	3,842,782	0	3,842,782	3,734,634
Purchase of Certificates of Deposit	(3,861,052)	0	(3,861,052)	(3,842,780)
Repayment of Principal on Note Receivable	0	0	0	54,000
Net Cash Used in Investing Activities	(30,314)	0	(30,314)	(56,059)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>	0	0	0	0
NET CHANGE IN CASH AND CASH EQUIVALENTS	496,552	(157,020)	339,532	231,993
CASH AND CASH EQUIVALENTS, BEGINNING	4,617,485	754,542	5,372,027	5,140,032
CASH AND CASH EQUIVALENTS, ENDING	<u>5,114,037</u>	<u>597,522</u>	<u>5,711,559</u>	<u>5,372,025</u>

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 1 - ORGANIZATION AND PURPOSE

The Orange County Industrial Development Agency (the Agency) was created in 1972 under the Laws of New York State for the purpose of encouraging economic growth in Orange County, New York. The Agency is exempt from federal, state and local income taxes. The Agency is a component of Orange County, New York.

The Agency's present function is to promote economic development through a program of incentive based allocations that assist in the construction, equipping and maintenance of specific types of projects and facilities to advance the health, prosperity and economic welfare of the County's citizens by retaining and creating jobs and attracting new business.

During 2010, the Orange County Legislative sponsored the formation of the Orange County Funding Corporation, a nonprofit corporation that would allow the Agency to work with nonprofit entities for the purpose of financing civic facilities. The Agency controls and appoints the membership of the Orange County Funding Corporation. The directors of the Orange County Funding Corporation are the same as for the Agency, therefore, making the OCFC a component unit of the OCIDA.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Agency's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Agency is determined by its measurement focus. The transactions of the Agency are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statements of net assets. Net assets are segregated into three specific components, as follows:

- *Invested in capital assets*, consists of capital assets, net of accumulated depreciation reduced by outstanding debt balances;
- *Unrestricted net assets - designated* consists of assets that can only be used for a specific purpose that is established by grantors, contributors, or laws and regulations governing the Agency;
- *Unrestricted net assets - undesignated* consists of assets and liabilities that do not meet the definition of "invested in capital assets net of related debt" or "designated."

Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cash and Cash Equivalents

The Agency considers all short term investments purchased with a maturity of three months or less to be cash equivalents.

Fair Value Measurement

Accounting principles generally accepted in the United States of America require disclosure of an estimate of fair value of certain financial instruments. The Agency's significant financial instruments are cash and cash equivalents, certificates of deposit, accounts receivable, accounts payable and accrued expenses. For these financial instruments, carrying values approximate fair value.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable

Accounts Receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts, if any, by identifying troubled accounts and by using historical experience applied to an aging of accounts. Management considers accounts receivable to be fully collectible; accordingly, there is no allowance for doubtful accounts.

Prepaid Expenses

Prepaid items represent payments made by the Agency for which benefits extend beyond year end. These items reflect costs applicable to future accounting periods and are recorded as prepaid at the time of purchase and as an expense in the year the goods or services are consumed.

Capital Assets

Capital assets, net, are recorded at cost, except for contributed property and equipment, which is recorded at fair market value at the date of donation. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When capital assets are retired or otherwise disposed of, the appropriate accounts are relieved of costs, and accumulated depreciation and any resulting gain or loss is credited or charged to operations. Capital assets at December 31, 2014 and 2013 consisted of equipment, furniture, and leasehold improvements.

The Agency evaluated prominent events or changes in circumstances affecting capital assets to determine if impairment of any capital asset had occurred. A capital asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. There were no impaired capital assets at December 31, 2014 and 2013.

Depreciation is provided for in amounts to relate the cost of depreciable assets to operations over their estimated useful lives, using the straight-line method. The estimated useful lives established to determine depreciation are as follows:

	<u>Estimated Useful Life</u>
Equipment	5 years
Furniture	10 years
Leasehold Improvements	39 years

Use of Estimates

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Accounting Pronouncements

During the year ended December 31, 2014, no new accounting pronouncements were adopted.

The GASB had recently issued the following new statements:

- Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which will be effective for fiscal years beginning after June 15, 2014;
- Statement No. 69, *Government Combinations and Disposals of Government Operations*, which will be effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis;
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which will be effective for financial statements for reporting beginning after June 15, 2013; and
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, the provisions of this Statement should be applied simultaneously with the provisions of Statement 68.

The Agency has not implemented the aforementioned statements as the statements were deemed not applicable.

Subsequent Events

The Agency has evaluated subsequent events and transactions through February 25, 2015, the date which the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

In accordance with the provisions of Section 10 of General Municipal Law of New York State, all Agency deposits, including certificates of deposit and special time deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, shall be collateralized by a pledge of eligible securities, letters of credit, or surety bonds.

NOTE 3 - CASH AND CASH EQUIVALENTS - CONTINUED

At December 31, 2014 and 2013, the Agency's deposits were fully insured or collateralized and consisted of the following:

December 31, 2014

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

December 31, 2013

Chase	645,550	250,000	395,550
Orange County Trust Company	3,017,364	250,000	2,767,364
Sterling National	5,551,890	250,000	5,301,890
	<u>9,214,804</u>	<u>750,000</u>	<u>8,464,804</u>

NOTE 4 - NOTES RECEIVABLE

During 2001, the Agency advanced \$200,000 to Breonics, Inc. as an interest free loan. Terms of the original agreement called for periodic payments of principal over the next five years. During 2002 and 2003, Breonics, Inc. repaid \$20,000 for each year. No payments were received for 2004, 2005 and 2006. In 2007, the Agency received a court order judgment against Breonics, Inc. in the amount of \$233,083. In 2008, the Agency and Breonics, Inc. entered into a settlement agreement to satisfy the judgment against Breonics, Inc. The terms of the settlement agreement were that the Agency was to receive \$258,083, consisting of a \$25,000 cash repayment and \$233,083 of debt that could be converted into ownership of Breonics, Inc. stock. The Agency received a cash payment of \$10,000 in January 2009 and no other payments have been received. As of December 31, 2014, the note receivable is \$248,083. The Agency has set up an impairment reserve for the full amount of the obligation.

On May 5th, 2012, the Agency authorized a short term loan in the amount of \$108,000 to Continental Organics, upon certain terms and conditions. The promissory note was dated May 16th, 2012 and required to be paid in full, with 1% interest per month accruing, by September 16th, 2012. Per resolution approved on December 5th, 2012, the short term loan's maturity date was extended to March 31st, 2013. On August 14, 2013, Continental Organics paid the remaining balance of the original note receivable.

NOTE 5 - CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended December 31, 2014.

<u>Capital Assets</u>	<u>Balance</u> <u>12/31/2012</u>	<u>Acquisitions</u>	<u>Balance</u> <u>12/31/2013</u>	<u>Acquisitions</u>	<u>Balance</u> <u>12/31/2014</u>
Equipment	29,582	1,912	31,494	12,044	43,538
Furniture	39,791	0	39,791	0	39,791
Leasehold Improvements	63,847	0	63,847	0	63,847
	<u>133,220</u>	<u>1,912</u>	<u>135,132</u>	<u>12,044</u>	<u>147,176</u>
Less accumulated depreciation	<u>(34,153)</u>	<u>(11,914)</u>	<u>(46,067)</u>	<u>(12,375)</u>	<u>(58,442)</u>
Capital assets, net	<u>99,067</u>	<u>(10,002)</u>	<u>89,065</u>	<u>(331)</u>	<u>88,734</u>

NOTE 6 - DEVELOPMENT COSTS

The development costs of \$161,750 represent expenditures incurred during 2007 and 2008 relating to the potential acquisition of a 58 acre parcel and a 283 acre parcel located on Drury Lane, Newburgh, New York. The Agency has set up an impairment reserve for the full amount of \$161,750 of the development costs.

NOTE 7 - INVESTMENT IN LIMITED LIABILITY COMPANY

The Agency has an investment of approximately \$177,692 in New Hampton Technologies, LLC. The investment in this limited liability company is considered non-marketable. This investment is being accounted for under the cost method of accounting. The cost method recognizes income when paid not when earned. During the year ended December 31, 2014, management of the Agency determined that a reserve should be recorded against the full value of the investment. As such, an impairment loss of \$177,692 was recognized in 2014.

NOTE 8 - ORANGE COUNTY BUSINESS ACCELERATOR

In 2009, the Agency started a new project called the Orange County Business Accelerator (OCBA). The purpose of OCBA is to promote job creation and new business growth. The OCBA offers 10,000 square feet of office, research and development, and flex space designed to attract entrepreneurs by providing businesses with various mentoring programs, high-tech office space, below market occupancy costs and access to venture capital.

The Orange County Business Accelerator has entered into various operating lease agreements with tenants as of December 31, 2014. The minimum future cash rents receivable on non-cancelable leases are as follows:

<u>December 31,</u>	<u>Amount</u>
2015	71,075
2016	39,900
2017	16,000
	<u>126,975</u>

NOTE 8 - ORANGE COUNTY BUSINESS ACCELERATOR - CONTINUED

The lease generally also requires reimbursement of the tenant's proportionate share of common area, and other operating expenses, which are not included in the amounts above. At December 31, 2014 and 2013, the OCBA held \$4,600 and \$4,150, respectively in tenant security deposits that will be returned upon termination of the lease.

NOTE 9 - UNRESTRICTED NET ASSETS - DESIGNATED

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

	<u>2014</u>	<u>2013</u>
Orange County Empire Zone	0	5,000
Hudson Valley Film Commission	10,000	10,000
Orange County NY Arts Council	45,000	45,000
Patterns for Progress	17,000	17,000
Hudson Valley Economic Development Corporation	14,500	20,000
Hudson Valley Economic Development Network	5,500	0
Hudson Valley Food & Beverage Alliance	20,000	20,000
PTAC	28,000	28,000
Hudson Valley Agribusiness Development Corporation	25,000	25,000
Orange County Foreign Trade Zone	25,000	25,000
Orange County Partnership	260,000	230,000
OCFC Loan Program	170,000	170,000
Projects	3,150,000	450,000
Total Unrestricted Net Assets - Designated	<u>3,770,000</u>	<u>1,045,000</u>

NOTE 10 - RELATED PARTY TRANSACTIONS

At December 31, 2012, the Orange County Funding Corporation owed the Orange County Industrial Development Agency \$1,789 for expenses that the OCIDA paid on their behalf. During 2013, the Orange County Funding Corporation repaid the amount owed. As of December 31, 2014 and 2013, there are no balances owed between related parties.

NOTE 11 - RETIREMENT PLAN

The Agency has a 403(b) retirement plan covering substantially all of its employees. Participants may contribute a portion of their compensation to the plan, up to the maximum permitted under Section 403(b) of the Internal Revenue Code. The Agency makes matching contributions up to the first 5% of employees' compensation. For the years ended December 31, 2014 and 2013, the Agency made \$3,999 and \$3,213, respectively in matching contributions, which is included in employee benefits on the statement of activities.

NOTE 12 - OPERATING LEASES

A lease has been entered into with First Columbia 4-LA, LLC to lease office space located in the Town of New Windsor, New York. The office consists of approximately 10,000 square feet, which is used by the Orange County Business Accelerator. The lease term was 36 months and expired on September 30, 2012. The terms of the lease allows for an automatic renewal option of two one year terms unless notice not to renew is given to the landlord within one year of the expiration of the current lease. By way of a third amendment, the OCBA and First Columbia agreed to extend the term of the lease commencing on October 19, 2014 and expiring on December 31, 2015. The remaining lease payments through December 2015 are as follows:

<u>December 31,</u>	<u>Amount</u>
<u>2015</u>	<u>175,770</u>

NOTE 13 - OTHER CONTINGENCIES

The Agency has several claims that are currently being litigated with the support of legal counsel. The results of the litigation are unknown at this time.

NOTE 14 - SCHEDULE OF BONDS OUTSTANDING

The Agency helps arrange financing for various commercial ventures in Orange County, New York. These transactions are considered "conduit" transactions as the financing is arranged through the Agency but not done by the Agency. Consequently, these transactions are not reflected on the books and records of the Agency. A supplemental schedule of these transactions is provided later in this report.

SUPPLEMENTAL SCHEDULES

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF BONDS OUTSTANDING - CONDUIT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>PROJECT</u>	<u>12/31/13 BALANCE</u>	<u>ISSUED</u>	<u>PRINCIPAL PAID</u>	<u>ADJUSTMENTS</u>	<u>12/31/14 BALANCE</u>
C&S Wholesale Grocers, Inc	2,294,454	0	0	2,294,454	0
Crystal Run Village	1,845,000	0	330,000	0	1,515,000
First Columbia	2,712,558	0	73,129	0	2,639,429
Glen Arden, Inc.	20,265,000	0	805,000	0	19,460,000
Leentjes Amusement Corp	961,212	0	45,497	0	915,715
Orange County Mental Retardation	1,144,010	0	1,144,010	0	0
Orange County Mental Retardation - GRC property *	1,240,000	0	0	0	1,240,000
President Container Holdings	416,686	0	0	416,686	0
St. Lukes Hospital *	19,205,000	0	0	0	19,205,000
The Hub 1, LLC	2,420,614	0	0	2,420,614	0
Tuxedo Place, L.P. *	10,500,000	0	0	0	10,500,000
Tuxedo Park School	6,000,000	0	0	4,500,000	1,500,000
West Point Housing, LLC	127,480,000	0	0	1,465,000	126,015,000
	<u>\$ 196,484,534</u>	<u>\$ 0</u>	<u>\$ 2,397,636</u>	<u>\$ 11,096,754</u>	<u>\$ 182,990,144</u>

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

NOTE: The adjustments noted in the schedule above are the result of inconsistent reporting from the Project organizations. The adjustments resulted from the Project organizations reporting of the principal paid and balance outstanding on the confirmations, either in the current year or in the prior year.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - BONDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Project/Owner	Purpose	Issued/ Maturity	Interest Rate	Federal Tax Status	Beginning/ Ending Balances	FTE Employees Created / Current	Tax Exemptions		PILOTS
		Date					Sales	Real Property	
C&S Wholesale Grocers, Inc 7 Corporate Drive Keene, NY 03431	Wholesale Trade	12/21/2009 12/31/2025	N/A	Taxable	2,294,454 0	0 / 716	0	270,823	165,822
Crystal Run Village 601 Stony Ford Road Middletown, NY 10941	Services	6/15/2006 7/1/2021	5.25%	Tax Exempt	1,845,000 1,515,000	N/A / N/A	N/A	N/A	N/A
First Columbia 22 Century Drive - Suite 301 Latham, NY 12110	Services	1/22/2009 2/1/2020	5.61%	Taxable	2,712,558 2,639,429	0 / 41	0	526,110	40,030
Glen Arden (Elant) 46 Harriman Drive Goshen, NY 10924	Services	7/1/1998 1/1/2028	5.625%	Tax Exempt	20,265,000 19,460,000	2 / 88	N/A	N/A	371,069
Leentjes Amusement Corp (d/b/a The Castle) PO Box 1032 Chester, NY 1091B	Services	3/1/2008 3/1/2028	6.668%	Taxable	961,212 915,715	1 / 45	0	C	65,975
Orange County Mental Retardation 249 Broadway Newburgh, NY 12550	Services	9/1/2009 9/1/2014	5.000%	Tax Exempt	1,144,010 0	N/A / N/A	N/A	N/A	N/A
Orange County Mental Retardation - GRC Property * 249 Broadway Newburgh, NY 12550	Services	5/1/1996 5/1/2016							

NOTE: Refer to page 23 for the definition of tickmarks noted in the above schedule.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - BONDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Project/Owner</u>	<u>Purpose</u>	<u>Issued/ Maturity Date</u>	<u>Interest Rate</u>	<u>Federal Tax Status</u>	<u>Beginning/ Ending Balances</u>	<u>FTE Employees Created / Current</u>	<u>Tax Exemptions</u>		<u>PILOTS</u>
St. Luke's Cornwall Hospital *	Services	12/1/2001							
70 Dubois Street		12/1/2026							
Newburgh, NY 12550									
The Hub 1, LLC	Services	1/1/2012	5.75%	Taxable	2,420,614	0 / 0	0	0	32,057
22 US Highway 6		1/1/2022			0				
Port Jervis, NY 12771									
Tuxedo Park School	Other	9/11/2002	Variable	Tax Exempt	1,500,000	0 / 50	N/A	200,000	N/A
Mountain Farm Road		9/11/2022	0.266%		1,500,000				
Tuxedo Park, NY 10987									
Tuxedo Place LP *	Services								
27 Route 210									
Stony Point, NY 10980									
West Point Housing, LLC	Services	8/1/2008	6.805%	Taxable	127,480,000	0 / 36	0	0	0
10 Campus Boulevard		7/1/2042			126,015,000				
Newton Square, PA 19073									

NOTE: Refer to page 23 for the definition of tickmarks noted in the above schedule.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal Tax Status</u>	<u>Lease Amount</u>	<u>FTE Employees Created / Current</u>	<u>Tax Exemptions</u>		<u>PILOTS</u>
					<u>Sales</u>	<u>Real Property</u>	
Airport Properties II 180 Breunig Road New Windsor, NY 12553	Services	Taxable	\$ 0	0 / 24	B	B	167,547
Airport Properties VIII 180 Breunig Road New Windsor, NY 12553	Services	Taxable	\$ 0	0 / 0	0	0	20,730
BHK of America * 11 Bond Street Central Valley, NY 10917	Manufacturing						
C&S Wholesale Grocers, Inc. 7 Corporate Drive Keene, NH 03431	Wholesale Trade	Taxable	\$ 0	716 / 716	0	270,823	165,822
Carlisle Construction * 1285 Ritner Highway Carlisle, PA 17013	Manufacturing	Taxable					
Coach Hudson Transit Lines 66 Tetz Road Chester, NY 10918	Transportation	Taxable	N/A	80 / E	434,969	54,937	54,186
Continental Organics 320 Mt. Airy Road New Windsor, NY 12553	Wholesale Trade	Taxable	N/A	5 / 35	G	A	10,381
CPG Partners, LP 105 Eisenhower Parkway Roseland, NJ 07068	Development	Taxable	N/A	124 / E	1,039,433	A	A
CRH Realty II, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	N/A	41 / 416	N/A	0	249,171

NOTE: Refer to page 23 for the definition of tickmarks noted in the above schedule.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal Tax Status</u>	<u>Lease Amount</u>	<u>FTE Employees Created / Current</u>	<u>Tax Exemptions Sales</u>	<u>Real Property</u>	<u>PILOTS</u>
CRH Realty VI, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	N/A	34 / 287	N/A	0	34,034
CRH Realty VIII, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	N/A	200 / E	160,505	N/A	N/A
Fairbanks Manufacturing LLC c/o Medora Snacks 79 Industrial Place Ext. Middletown, NY 10941	Manufacturing	Taxable	N/A	36 / 173	171,543	0	0
Gabrielle Manufacturing * 37-21 24th Street Long Island City, NY 11101	Manufacturing	Taxable					
IBM 1 North Castle Drive Armonk, NY 10504	Manufacturing	Taxable	\$ 0	F / 400	F	N/A	530,000
JDP Associates, LLC 17 Erie Boulevard Albany, NY 12204	Services	Taxable	\$ 7,071,517	2 / 27	N/A	63,434	167,758
Leentjes Amusement Corp (d/b/a The Castle) PO Box 1032 Chester, NY 10918	Services	Taxable	\$ 4,122,000	1 / 45	0	C	65,975
Mediacom 1 Mediacom Way Mediacom Park, NY 10918	Communications	Taxable	\$ 48,830,000	31 / 352	N/A	N/A	54,470

NOTE: Refer to page 23 for the definition of tickmarks noted in the above schedule.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal Tax Status</u>	<u>Lease Amount</u>	<u>FTE Employees Created / Current</u>	<u>Tax Exemptions Sales</u>	<u>Tax Exemptions Real Property</u>	<u>PILOTS</u>
Millennium Pipeline PO Box 1565 Pearl River, NY 10965	Gas	Taxable	\$ 0	0 / 0	0	0	1,442,250
Millwood Place, LLC * PO Box 7417 Newburgh, NY 12550	Services						
NYTT, LLC * 975 Belmont Avenue North Haledon, NJ 07508							
Orange County Chamber of Commerce 30 Scotts Corners Drive Montgomery, NY 12549	Services	Tax Exempt	N/A	0 / 6	N/A	A	45,761
Orange County Choppers, Inc. * 14 Crossroads Court Newburgh, NY 12550	Manufacturing	Taxable					
Orange County Mental Retardation 249 Broadway Newburgh, NY 12550	Services	Tax Exempt	N/A	N/A	N/A	N/A	N/A
Pharmline, Inc. 41 Bridge Street Florida, NY 10921	Manufacturer	Taxable	\$ 0	5 / 82	120,479	A	A
Pratt & Whitney Advanced Coating Technologies 8 Farm Springs Road Farmington, CT 06032	Manufacturing	Taxable	N/A	17 / 119	279,135	N/A	N/A
Satin Fine Foods Inc. & Satin Realty Associates, LLC 37 Elkay Drive, Suite 41 Chester, NY 10918	Other	Taxable	N/A	9 / 71	N/A	N/A	144,622

NOTE: Refer to page 23 for the definition of tickmarks noted in the above schedule.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal Tax Status</u>	<u>Lease Amount</u>	<u>FTE Employees Created / Current</u>	<u>Tax Exemptions</u>		<u>PILOTS</u>
<u>Sales</u>	<u>Real Property</u>						
Shamrock Creek LLC * 46 Meadowbrook Lane New Windsor, NY 12553	Services	Tax Exempt					
Slate Hill Associates * 2865 Route 6 Slate Hill, NY 10973	Services						
St. Luke's Cornwall Hospital * 70 Dubois Street Newburgh, NY 12550	Services	Tax Exempt					
St. Luke's Cornwall Hospital - Cancer Center * 19 Laurel Avenue Cornwall, NY 12518	Services	Tax Exempt					
Stewart FBI LLC / Avenue of the Americas 80 Curtwright Drive - Suite 5 Williamsville, NY 14221	Services	Taxable	D	0 / D	D	D	D
Tuxedo Park School Mountain Farm Road Tuxedo Park, NY 10987	Dther	Tax Exempt	\$ 6,000,000	0 / 50	N/A	200,000	N/A
Tuxedo Place LP * 27 Route 210 Stony Point, NY 10980	Services						
Wawayanda Acquisition LLC (Medline Industries, Inc.) One Medline Place Mundelein, IL 60060	Services	Taxable	N/A	56 / 217	N/A	152,424	367,044

NOTE: Refer to page 23 for the definition of tickmarks noted in the above schedule.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - TICKMARK LEGEND
FOR THE YEAR ENDED DECEMBER 31, 2014

Tickmark Legend:

- * - Denotes that the project did not respond to the confirmation request.
- A - Denotes attribute for which no response was noted on the confirm received (Section was blank).
- B - Denotes attribute for which the property is located at Stewart Airport, which is exempt from real property tax. No tax assessed.
- C - Denotes that information could not be determined on the Project's inquiry of multiple organizations.
- D - Denotes a project that is still in the construction phase. PILOT has yet to start.
- E - Denotes the jobs created in 2014 are all construction.
- F - Denotes that the Organization stated information was not available at the time the confirmation was prepared.
- G - Denotes that the Organization stated that the sales tax exemption was not used in 2014.
- N/A - Denotes an attribute for which the confirmation respondent noted as not applicable.