

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

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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 March 3, 2017 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. 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.

Gudelson, Gindaro & Siegel, CPA, PC

Middletown, New York
March 3, 2017

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, 2016. 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 2016

- The OCIDA's net assets decreased by \$455,254 from \$15,266,250 to \$14,810,996.
- Operating revenues decreased by \$6,024,023 from \$8,023,020 to \$1,998,997.
- Operating expenses decreased by \$74,152 from \$2,528,403 to \$2,454,251.

SUMMARY OF OPERATIONS

<u>Revenues:</u>	<u>2016</u>	<u>2015</u>	<u>Over/Under</u>
Fees	\$ 1,651,417	\$ 6,660,127	(\$5,008,710)
Rental Income	130,195	106,470	23,725
Grant Income	108,000	1,108,000	(1,000,000)
Interest Income	54,385	50,880	3,505
Recovered Funds	0	23	(23)
Miscellaneous	55,000	97,520	(42,520)
Total Revenues	<u>\$ 1,998,997</u>	<u>\$ 8,023,020</u>	<u>(\$6,024,023)</u>
<u>Expenses:</u>			
Administrative expenditures	\$ 1,865,062	\$ 1,272,508	(\$592,554)
Projects	578,676	1,246,877	668,201
Depreciation	10,513	9,018	(1,495)
Total Expenses	<u>\$ 2,454,251</u>	<u>\$ 2,528,403</u>	<u>\$ 74,152</u>

FINANCIAL POSITION SUMMARY

Net Assets serve as an indicator of the Agency's financial position. The Agency's Net Assets were \$14,810,996 and \$15,266,250 at December 31, 2016 and 2015, a decrease of \$455,254 or 3%. Liabilities were \$306,148 and \$158,286 at December 31, 2016 and 2015, an increase of \$147,862.

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, 2016 and 2015. 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 /</u> <u>OCBA</u>	<u>OCFC</u>	<u>2016</u> <u>Total</u>	<u>2015</u> <u>Total</u>
<u>ASSETS:</u>				
<u>Current Assets:</u>				
Cash and Cash Equivalents	6,544,289	650,635	7,194,924	6,323,240
Certificates of Deposit	5,210,222	0	5,210,222	5,182,003
Accounts Receivable - Current Portion	952,884	250,000	1,202,884	1,266,503
Accrued Interest Receivable	3,692	0	3,692	5,835
Prepaid Expense	46,178	10,835	57,013	23,353
Total Current Assets	<u>12,757,265</u>	<u>911,470</u>	<u>13,668,735</u>	<u>12,800,934</u>
Capital Assets - Net	89,830	0	89,830	87,517
<u>Other Assets:</u>				
Accounts Receivable - Long Term Portion	1,090,631	250,000	1,340,631	2,521,437
Security Deposit	17,948	0	17,948	14,648
Total Other Assets	<u>1,108,579</u>	<u>250,000</u>	<u>1,358,579</u>	<u>2,536,085</u>
TOTAL ASSETS	<u>13,955,674</u>	<u>1,161,470</u>	<u>15,117,144</u>	<u>15,424,536</u>
<u>LIABILITIES AND NET ASSETS:</u>				
<u>Current Liabilities:</u>				
Accounts Payable and Accrued Expenses	272,916	29,732	302,648	154,286
Tenant Security Deposits	3,500	0	3,500	4,000
Total Current Liabilities	<u>276,416</u>	<u>29,732</u>	<u>306,148</u>	<u>158,286</u>
<u>Net Assets:</u>				
Investment in Capital Assets	89,830	0	89,830	87,517
Unrestricted Net Assets - Designated	2,905,000	520,000	3,425,000	2,287,000
Unrestricted Net Assets - Undesignated	10,684,428	611,738	11,296,166	12,891,733
Total Net Assets	<u>13,679,258</u>	<u>1,131,738</u>	<u>14,810,996</u>	<u>15,266,250</u>
TOTAL LIABILITIES AND NET ASSETS	<u>13,955,674</u>	<u>1,161,470</u>	<u>15,117,144</u>	<u>15,424,536</u>

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

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

			<u>2016</u>	<u>2015</u>
	<u>OCIDA / OCBA</u>	<u>OCFC</u>	<u>Total</u>	<u>Total</u>
<u>REVENUES:</u>				
Fee Income	1,226,832	0	1,226,832	2,917,316
Closing Fees	424,585	0	424,585	3,742,811
Rental Income	130,195	0	130,195	106,470
Grant Income	0	108,000	108,000	1,108,000
Interest Income	53,506	879	54,385	50,880
Recovered Funds	0	0	0	23
Administrative Fees	45,000	10,000	55,000	97,520
Total Revenues	1,880,118	118,879	1,998,997	8,023,020
<u>EXPENSES:</u>				
Projects	69,460	509,216	578,676	1,246,877
Contractual Expenses	474,490	0	474,490	398,746
Payroll	272,138	0	272,138	206,893
Payroll Taxes	23,811	0	23,811	18,414
Payroll Administration Fees	4,845	0	4,845	3,636
Employee Benefits	33,580	0	33,580	20,849
Rent	175,770	0	175,770	175,770
Management Fees	310,034	0	310,034	46,500
Professional Fees	234,974	18,572	253,546	173,869
Advertising	65,056	0	65,056	54,194
Repairs and Maintenance	92,192	0	92,192	66,310
Telephone	32,241	0	32,241	9,912
Utilities	39,400	0	39,400	40,466
Office Expense	26,710	0	26,710	15,410
Travel and Entertainment	22,414	0	22,414	2,924
Automobile Expense	507	0	507	997
Conferences and Seminars	12,080	0	12,080	14,289
Insurance	11,991	10,273	22,264	21,126
Dues and Subscriptions	3,984	0	3,984	2,193
Miscellaneous Expense	0	0	0	10
Depreciation Expense	10,513	0	10,513	9,018
Total Expenses	1,916,190	538,061	2,454,251	2,528,403
CHANGE IN NET ASSETS	(36,072)	(419,182)	(455,254)	5,494,617
NET ASSETS, BEGINNING OF YEAR	13,715,330	1,550,920	15,266,250	9,771,633
NET ASSETS, END OF YEAR	13,679,258	1,131,738	14,810,996	15,266,250

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

			<u>2016</u>	<u>2015</u>
	<u>OCIDA /</u> <u>OCBA</u>	<u>OCFC</u>	<u>Total</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Change in Net Assets	(36,072)	(419,182)	(455,254)	5,494,617
<u>Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used in) Operating Activities:</u>				
Depreciation	10,513	0	10,513	9,018
<u>Changes in Assets and Liabilities:</u>				
Accounts Receivable	994,425	250,000	1,244,425	(3,340,687)
Prepaid Expense	(32,634)	(1,026)	(33,660)	422
Accrued Interest	2,143	0	2,143	(2,502)
Security Deposit	(3,300)	0	(3,300)	0
Tenant Security Deposits	(500)	0	(500)	(600)
Accounts Payable and Accrued Expenses	124,981	23,381	148,362	(219,835)
Total Adjustments	<u>1,095,628</u>	<u>272,355</u>	<u>1,367,983</u>	<u>(3,554,184)</u>
Net Cash Provided by (Used in) Operating Activities	1,059,556	(146,827)	912,729	1,940,433
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Purchase of Fixed Assets	(12,826)	0	(12,826)	(7,801)
Redemption of Certificates of Deposit	5,182,003	0	5,182,003	3,861,052
Purchase of Certificates of Deposit	<u>(5,210,222)</u>	<u>0</u>	<u>(5,210,222)</u>	<u>(5,182,003)</u>
Net Cash Used in Investing Activities	(41,045)	0	(41,045)	(1,328,752)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,018,511	(146,827)	871,684	611,681
CASH AND CASH EQUIVALENTS, BEGINNING	<u>5,525,778</u>	<u>797,462</u>	<u>6,323,240</u>	<u>5,711,559</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>6,544,289</u>	<u>650,635</u>	<u>7,194,924</u>	<u>6,323,240</u>

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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, 2016 and 2015 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, 2016 and 2015.

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, 2016, no new accounting pronouncements were adopted.

The GASB had recently issued the following new statements:

- Statement No. 80, *Blending Requirements for Certain Component Units*, which are effective for reporting periods beginning after June 15, 2016;
- Statement No. 83, *Certain Asset Retirement Obligations*, which are effective for reporting periods beginning after June 15, 2018;
- Statement No. 84, *Fiduciary Activities*, which are effective for reporting periods beginning after December 15, 2018, though early application is encouraged.

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 March 3, 2017, 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.

At December 31, 2016 and 2015, the Agency's deposits were fully insured or collateralized and consisted of the following:

December 31, 2016

	Balance	FDIC Insurance	Pledge Collateral
Chase	691,888	250,000	441,888
Orange Bank and Trust	788,599	250,000	538,599
Sterling National	5,714,437	250,000	5,464,437
	<u>7,194,924</u>	<u>750,000</u>	<u>6,444,924</u>

December 31, 2015

Chase	502,379	250,000	252,379
Orange Bank and Trust	833,358	250,000	583,358
Sterling National	4,987,503	250,000	4,737,503
	<u>6,323,240</u>	<u>750,000</u>	<u>5,573,240</u>

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable is comprised of various repayment agreements and project closing fee balances due to the Orange County Industrial Development Agency as of December 31, 2016 and 2015.

At December 31, 2016, future minimum receipts related to accounts receivable are as follows:

2017	1,202,884
2018	707,066
2019	533,316
2020	33,316
2021	33,316
Thereafter	33,617
	<u>2,543,515</u>

NOTE 5 - 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, 2016, the note receivable is \$248,083. The Agency has set up an impairment reserve for the full amount of the obligation.

NOTE 6 - CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended December 31, 2016.

	Balance		Balance		Balance
<u>Capital Assets</u>	<u>12/31/2014</u>	<u>Acquisitions</u>	<u>12/31/2015</u>	<u>Acquisitions</u>	<u>12/31/2016</u>
Equipment	43,538	7,801	51,339	12,826	64,165
Furniture	39,791	0	39,791	0	39,791
Leasehold Improvements	63,847	0	63,847	0	63,847
	<u>147,176</u>	<u>7,801</u>	<u>154,977</u>	<u>12,826</u>	<u>167,803</u>
Less accumulated depreciation	<u>(58,442)</u>	<u>(9,018)</u>	<u>(67,460)</u>	<u>(10,513)</u>	<u>(77,973)</u>
Capital assets, net	<u>88,734</u>	<u>(1,217)</u>	<u>87,517</u>	<u>2,313</u>	<u>89,830</u>

NOTE 7 - 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 8 - 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 9 - ORANGE COUNTY BUSINESS ACCELERATOR

In 2009, the Agency started 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. In prior years, tenants signed multiple year leases with escalating monthly lease payments. However, in September 2016, Management elected to change lease agreements to only be for one year periods. As of December 31, 2016, expected client rental revenues expected for 2017 are \$32,400.

The lease generally 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, 2016 and 2015, the OCBA held \$3,500 and \$4,000, respectively in tenant security deposits that will be returned upon termination of the lease.

NOTE 10 - UNRESTRICTED NET ASSETS - DESIGNATED

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

	<u>2016</u>	<u>2015</u>
Hudson Valley Film Commission	10,000	10,000
Orange County NY Arts Council	45,000	45,000
Patterns for Progress	0	17,000
Hudson Valley Economic Development Corporation	0	14,500
Hudson Valley Economic Development Network	0	5,500
Hudson Valley Food & Beverage Alliance	0	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	217,000	277,000
OCFC Loan Program	170,000	170,000
Women's Enterprise Development Center	25,000	0
TSEC	30,000	0
Projects	<u>2,850,000</u>	<u>1,650,000</u>
Total Unrestricted Net Assets - Designated	<u><u>3,425,000</u></u>	<u><u>2,287,000</u></u>

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, 2016 and 2015, the Agency made \$6,308 and \$3,999, 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, with the same automatic renewal option of two one year terms. The remaining lease payment, which is the second of two one year renewal periods, is \$175,770 for 2017.

NOTE 12 - OPERATING LEASES - CONTINUED

During the year ended December 31, 2016, the Agency entered into a lease with the Town of New Windsor for additional space. The lease commenced on June 1, 2016 and expires on May 31, 2020 with the option to renew the lease for one (1) two year period upon receiving a written notice six (6) months prior to the expiration of the lease. Monthly rent payments, commencing on January 1, 2017 are due in the annual amount of \$14,440 and payable in monthly installments of \$1,200. Commencing on June 1, 2018, the rent shall increase annually by 2% or CPI, whichever is higher.

Future minimum lease payments in connection to this lease agreement at December 31, 2016 are as follows:

2017	14,400
2018	14,568
2019	14,859
2020	6,242
	<hr/>
	50,069
	<hr/> <hr/>

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. Management does not expect the results of the pending litigation to have a material effect on the financial position of the Agency.

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.

SUPPLEMENTARY INFORMATION

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF BONDS OUTSTANDING - CONDUIT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>PROJECT</u>	<u>12/31/15</u> <u>BALANCE</u>	<u>ISSUED</u>	<u>PRINCIPAL</u> <u>PAID</u>	<u>12/31/16</u> <u>BALANCE</u>
Crystal Run Village	1,180,000	0	335,000	845,000
Glen Arden, Inc.	18,610,000	0	900,000	17,710,000
St. Lukes Hospital *	19,205,000	0	0	19,205,000
Tuxedo Place, L.P.	9,815,000	0	0	9,815,000
Tuxedo Park School	1,500,000	0	0	1,500,000
	<u>50,310,000</u>	<u>0</u>	<u>1,235,000</u>	<u>49,075,000</u>

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

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016

<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>
							<u>Sales</u>	<u>Real Property</u>	
Crystal Run Village 601 Stony Ford Road Middletown, NY 10941	Services	6/15/2006 7/1/2021	5.25%	Tax Exempt	1,180,000 845,000	N/A / 565	N/A	N/A	N/A
Glen Arden (Elant) 46 Harriman Drive Goshen, NY 10924	Services	7/1/1998 1/1/2028	5.625%	Tax Exempt	18,610,000 17,710,000	24 / 90	N/A	N/A	393667
St. Luke's Cornwall Hospital * 70 Dubois Street Newburgh, NY 12550	Services	12/1/2001 12/1/2026	*	*	19,205,000 19,205,000	*	*	*	*
Tuxedo Park School Mountain Farm Road Tuxedo Park, NY 10987	Other	9/11/2002 9/11/2022	Variable 0.458%	Tax Exempt	1,500,000 1,500,000	0 / 44	N/A	N/A	N/A
Tuxedo Place LP 27 Route 210 Stony Point, NY 10980	Services	8/1/1999 8/1/2032 & 8/1/2033	Fixed 7.000%	Tax Exempt	9,815,000 9,815,000	0/32	0	0	4,395

NOTE: An asterisk (*) indicates that the confirmation was not returned.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal</u>	<u>FTE Employees</u>	<u>Tax Exemptions</u>		<u>PILOTS</u>
		<u>Tax Status</u>	<u>Created / Current</u>	<u>Sales</u>	<u>Real Property</u>	
Airport Properties II 180 Breunig Road New Windsor, NY 12553	Services	Taxable	10/43	N/A	N/A	264,011
Airport Properties VIII 180 Breunig Road New Windsor, NY 12553	Services	Taxable	0 / 0	N/A	N/A	60,519
Blackhawk Development, LLC CBRE 2415 E. Camelback Road Phoenix, AZ 85016	Services	Taxable	8 / 8	3,300,515	N/A	N/A
C&S Wholesale Grocers, Inc. 10 Optical Ave Keene, NH 03431	Wholesale Trade	Taxable	0 / 501	N/A	N/A	201,152
Carlisle Construction 1285 Ritner Highway Carlisle, PA 17013	Manufacturing	Taxable	5 / 80	N/A	N/A	402,308
Coach Hudson Transit Lines 66 Tetz Road Chester, NY 10918	Transportation	Taxable	31 / 343	N/A	N/A	257,635
Continental Organics * 320 Mt. Airy Road New Windsor, NY 12553	Wholesale Trade	Taxable	* / *	*	*	*
CPG Partners, LP 105 Eisenhower Parkway Roseland, NJ 07068	Development	Taxable	200 / 4,700	684,633	N/A	N/A
CPV Valley, LLC 105 Eisenhower Parkway Roseland, NJ 07068	Energy	Taxable	1 / 1	1,540,654	N/A	N/A
CRH Realty II, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	21/428	N/A	N/A	395,624
CRH Realty III, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	77/625	961,557	N/A	N/A

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ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal Tax Status</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	60/493	N/A	N/A	112,247
CRH Realty VIII, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	19/210	197,388	N/A	90,072
Cross Roads Court Real Estate, LLC PO Box 10804 Newburgh, NY 12552	Development	Taxable	0 / 0	470,086	N/A	N/A
Danskammer Energy, LLC 994 River Road Newburgh, NY 12550	Energy	Tax Exempt	1/33	N/A	N/A	1,844,184
Fairbanks Manufacturing LLC c/o Medora Snacks 79 Industrial Place Ext. Middletown, NY 10941	Manufacturing	Taxable	2 / 187	N/A	N/A	4,280
First Columbia 22 Century Drive - Suite 301 Latham, NY 12110	Services	Taxable	2/40	N/A	N/A	55,226
IBM 1 North Castle Drive Armonk, NY 10504	Manufacturing	Taxable	0 / 257	N/A	N/A	536,000
IBM (2015) 1 North Castle Drive Armonk, NY 10504	Manufacturing	Taxable	0 / 257	N/A	N/A	1,838,083
Isomedix Operations 5960 Heisley Road Mentor, OH 44060	Services	Taxable	5 / 5	261,931	N/A	N/A
JCA Hospitality, LLC * PO Box 279 New Hampton, NY 10958	Development	Taxable	* / *	*	*	*

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ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal Tax Status</u>	<u>FTE Employees Created / Current</u>	<u>Tax Exemptions</u>		<u>PILOTS</u>
				<u>Sales</u>	<u>Real Property</u>	
JDP Associates, LLC 17 Erie Boulevard Albany, NY 12204	Services	Taxable	1/32	N/A	N/A	204,224
Leentjes Amusement Corp (d/b/a The Castle) PO Box 1032 Chester, NY 10918	Services	Taxable	0 / 45	N/A	N/A	76,341
Leentjes Amusement Corp (d/b/a The Castle) (2016 Expansion Project) PO Box 1032 Chester, NY 10918	Services	Taxable	0 / 45	N/A	N/A	4,336
Matrix Newburgh I, LLC Matrix Development Group 3 Centre Dr. Monroe Township, NJ 08831	Services	Taxable	N/A	2,339,326	N/A	N/A
Mediacom 1 Mediacom Way Mediacom Park, NY 10918	Communications	Taxable	28 / 388	N/A	N/A	82,347
Millennium Pipeline PO Box 1565 Pearl River, NY 10965	Gas	Taxable	0 / 0	N/A	N/A	1,491,000
Nowak Properties, Inc 386 Ingrassia Road Middletown, NY 10940	Development	Taxable	0 / 0	297,745	N/A	N/A
NYTT, LLC * 975 Belmont Avenue North Haledon, NJ 07508	*	*	* / *	*	*	*
Orange County Chamber of Commerce 30 Scotts Corners Drive Montgomery, NY 12549	Services	Tax Exempt	2/9	N/A	N/A	61,635

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ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal</u>	<u>FTE Employees</u>	<u>Tax Exemptions</u>		<u>PILOTS</u>
		<u>Tax Status</u>	<u>Created / Current</u>	<u>Sales</u>	<u>Real Property</u>	
Orange County Choppers, Inc. 14 Crossroads Court Newburgh, NY 12550	Manufacturing	Taxable	0 / 18	N/A	N/A	355,603
PCH Energy, LLC 200 W. Commercial Avenue Moonachie, NJ 07074	Energy	Taxable	24/345	N/A	N/A	N/A
Pharmline, Inc. 41 Bridge Street Florida, NY 10921	Manufacturer	Taxable	7 / 89	131,643	N/A	N/A
Pratt & Whitney Advanced Coating Technologies 8 Farm Springs Road Farmington, CT 06032	Manufacturing	Taxable	* / *	*	*	*
Retford Investments 45 Turner Drive Middletown, NY 10941	Manufacturing	Taxable	* / *	*	*	*
Satin Fine Foods Inc. & Satin Realty Associates, LLC 37 Elkay Drive, Suite 41 Chester, NY 10918	Other	Taxable	0 / 73	N/A	N/A	180,820
Shamrock Creek LLC * 46 Meadowbrook Lane New Windsor, NY 12553	Services	Tax Exempt	N/A	N/A	N/A	215
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	Tax Exempt	N/A / N/A	0	N/A	N/A

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ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal Tax Status</u>	<u>FTE Employees Created / Current</u>	<u>Tax Exemptions</u>		<u>PILOTS</u>
				<u>Sales</u>	<u>Real Property</u>	
SVP Marketing & Tecnology	*	*	* / *	*	*	*
USAI 1126 River Road New Windsor, NY 12553	Services	Tax Exempt	13 / 175	249,189	N/A	N/A
The Hub 1, LLC 22 US Highway 6 Port Jervis, NY 12771	Services	Taxable	0 / 16	N/A	N/A	56,079
The Warwick Yard * 122 State School Road Warwick, NY 10990	Services	Taxable	2 / 0	N/A	N/A	N/A

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