

ORANGE COUNTY FUNDING CORPORATION
NEW WINDSOR, NEW YORK

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

ORANGE COUNTY FUNDING CORPORATION
NEW WINDSOR, NEW YORK

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FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Orange County Funding Corporation
4 Crotty Lane
New Windsor, NY 12553

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the Orange County Funding Corporation (the Corporation), a component unit of the Orange County Industrial Development Agency as of and for the years ended December 31, 2020 and 2019, which collectively comprise the Corporation'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

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 opinions 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. 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 Corporation'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 Corporation'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 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.

Opinions

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 Funding Corporation as a component unit of the Orange County Industrial Development Agency, as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows 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 and budgetary comparison information on pages 3 and 4 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 8, 2021 on our consideration of the Orange County Funding Corporation'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 Corporation's financial statements as a whole. The Schedules of Supplementary Information on pages 11 through 13 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.

Judelson, Giordano & Siegel, CPA, PC

Judelson, Giordano & Siegel, CPA, PC
Middletown, New York
March 8, 2021

ORANGE COUNTY FUNDING CORPORATION
NEW WINDSOR, NEW YORK
MANAGEMENT'S DISCUSSION & ANALYSIS

This section of the Orange County Funding Corporation's annual financial report presents an analysis of the Corporation's financial performance during the fiscal year ended December 31, 2020. 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 2020

- The Corporation's net assets decreased by \$186,248 from \$1,958,895 to \$1,772,647.
- Operating revenues decreased by \$31,228 from \$47,394 to \$16,166.
- Operating expenses increased by \$59,064 from \$143,350 to \$202,414.

SUMMARY OF OPERATIONS

<u>Revenues:</u>	2020	2019	Over/Under
Interest Income	15,666	\$34,894	(\$19,228)
Other Income	500	12,500	(12,000)
Total Revenues	<u>\$ 16,166</u>	<u>\$ 47,394</u>	<u>(\$31,228)</u>
<u>Expenses:</u>			
Project expenditures	\$ 84,862	\$ 119,555	(\$34,693)
Loan Program expenditures	78,678	0	78,678
Administrative expenditures	38,874	23,795	15,079
Total Expenses	<u>\$ 202,414</u>	<u>\$ 143,350</u>	<u>\$59,064</u>

FINANCIAL POSITION SUMMARY

Net Assets serve as an indicator of the Corporation's financial position. The Corporation's Net Assets were \$1,772,647 and \$1,958,895 on December 31, 2020 and 2019, a decrease of \$186,248. Liabilities were \$8,428 and \$7,040 on December 31, 2020 and 2019, an increase of \$1,388 or 20%. Contributing factors to the decrease in net assets from year to year were the loan program expenses incurred, as well as an increase in administrative expenditures. The decrease in revenues of \$31,228 was offset by a decrease in overall project expenses.

For details of the Corporation'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 Corporation 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 Corporation's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Corporation's creditors (liabilities). The Statements of Activities identify the Corporation's revenues and expenses for the years ended December 31, 2020 and 2019. This statement provides information on the Corporation's operations over the past year and can be used to determine whether the Corporation has operated in a surplus or deficiency.

FINANCIAL ANALYSIS OF THE CORPORATION

The Statements of Net Assets and the Statement of Activities provide an indication of the Corporation's financial condition and also indicate that the financial condition of the Corporation has improved or deteriorated during the last year. The Corporation'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 FUNDING CORPORATION
NEW WINDSOR, NEW YORK

STATEMENTS OF NET ASSETS
DECEMBER 31,

	<u>2020</u>	<u>2019</u>
<u>ASSETS:</u>		
<u>Current Assets:</u>		
Cash and Cash Equivalents	962,383	921,950
Certificates of Deposit	540,886	1,025,500
Loans Receivable, Net of Allowance	276,513	0
Accrued Interest Receivable	213	2,945
Prepaid Expenses	1,080	15,540
Total Current Assets	<u>1,781,075</u>	<u>1,965,935</u>
TOTAL ASSETS	<u>1,781,075</u>	<u>1,965,935</u>
<u>LIABILITIES AND NET ASSETS:</u>		
<u>Current Liabilities:</u>		
Accounts Payable and Accrued Expenses	8,428	7,040
<u>Net Assets:</u>		
Unrestricted Net Assets - Designated	150,000	285,000
Unrestricted Net Assets - Undesignated	1,622,647	1,673,895
Total Net Assets	<u>1,772,647</u>	<u>1,958,895</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1,781,075</u>	<u>1,965,935</u>

ORANGE COUNTY FUNDING CORPORATION
NEW WINDSOR, NEW YORK

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	<u>2020</u>	<u>2019</u>
<u>REVENUES:</u>		
Interest Income	15,666	34,894
Other Income	500	12,500
Total Revenues	16,166	47,394
<u>EXPENSES:</u>		
Project Expense	84,862	119,555
Professional Fees	22,647	12,719
Loan Program Administration	8,678	0
Bad Debt Expense	70,000	0
Insurance	16,202	11,076
Office Expense	25	0
Total Expenses	202,414	143,350
CHANGE IN NET ASSETS	(186,248)	(95,956)
NET ASSETS, BEGINNING OF YEAR	<u>1,958,895</u>	<u>2,054,851</u>
NET ASSETS, END OF YEAR	<u><u>1,772,647</u></u>	<u><u>1,958,895</u></u>

ORANGE COUNTY FUNDING CORPORATION
NEW WINDSOR, NEW YORK

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	(186,248)	(95,956)
<u>Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:</u>		
Allowance on Resiliency Loans	70,000	0
<u>Changes in Assets and Liabilities:</u>		
Accounts Receivable	0	92,000
Prepaid Expense	14,459	(5,130)
Accrued Interest Receivable	2,732	(1,059)
Accounts Payable and Accrued Expenses	1,388	(13,690)
Total Adjustments	88,579	72,121
Net Cash Used in Operating Activities	(97,669)	(23,835)
<u>CASH FLOWS USED IN INVESTING ACTIVITIES:</u>		
Redemption of Certificates of Deposit	1,025,500	1,000,000
Purchase of Certificates of Deposit	(540,886)	(1,025,500)
Net Cash Provided by (Used in) Investing Activities	484,614	(25,500)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Resiliency Loan Disbursements	(476,500)	0
Resiliency Loan Repayments	129,988	0
Net Cash Used in Financing Activities	(346,512)	0
NET CHANGE IN CASH AND CASH EQUIVALENTS	40,433	(49,335)
CASH AND CASH EQUIVALENTS, BEGINNING	921,950	971,285
CASH AND CASH EQUIVALENTS, ENDING	962,383	921,950

ORANGE COUNTY FUNDING CORPORATION
NEW WINDSOR, NEW YORK

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 - ORGANIZATION AND PURPOSE

During 2010, the Orange County legislature sponsored the formation of the Orange County Funding Corporation (the Corporation), a component unit of the Orange County Industrial Development Agency (the Agency) that would work with organizations and local municipalities for the financing of civic facilities. The Agency is exempt from federal, state, and local income taxes and is a component unit of Orange County, New York. The Legislature appoints the membership of the Orange County Funding Corporation. The directors of the Orange County Funding Corporation are the same as the Orange County Industrial Development Agency (the Agency).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation'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 Corporation is determined by its measurement focus. The transactions of the Corporation 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 two specific components, as follows:

- *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 Corporation;
- *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 Corporation 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 Corporation's significant financial instruments are cash and cash equivalents, certificate of deposit, accounts payable and accrued expenses. For these financial instruments, carrying values approximate fair value.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Prepaid Expenses

Prepaid items represent payments made by the Corporation 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.

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.

New Accounting Pronouncements

During the year ended December 31, 2020, no new accounting pronouncements were adopted.

The GASB had recently issued the following new statements:

- * Statement No. 87, *Leases*, which are effective for reporting periods beginning after December 15, 2020;
- * Statement No. 91, *Conduit Debt Obligations*, which are effective for reporting periods beginning after December 15, 2020.

The Corporation has not implemented the aforementioned pronouncements as they are still considering the impacts on the financial statements.

Subsequent Events

The Corporation has evaluated subsequent events and transactions through March 8, 2021, 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 Corporation deposits, including certificate 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, 2020 and 2019, the Corporation's deposits were fully insured or collateralized and consisted of the following:

December 31, 2020

	Balance	FDIC Insurance	Pledge Collateral
Chase	\$ 182,413	\$ 250,000	\$ 0
Orange Bank and Trust	779,970	250,000	529,970
	<u>\$ 962,383</u>	<u>\$ 500,000</u>	<u>\$ 529,970</u>

December 31, 2019

Chase	\$ 70,294	\$ 250,000	\$ 0
Orange Bank and Trust	851,656	250,000	601,656
	<u>\$ 921,950</u>	<u>\$ 500,000</u>	<u>\$ 601,656</u>

NOTE 4 - LOANS RECEIVABLE

As a result of the COVID-19 pandemic, the Corporation established a fund to supply loans to local businesses throughout Orange County. The Corporation issued 50 loans to be paid back over a 24-month period, with a maximum amount of \$10,000 each, for a total of \$476,500. As of December 31, 2020, the outstanding principal balance was \$346,513 with an allowance for doubtful accounts of \$70,000 applied against that balance. At December 31, 2019, there were no ending loans receivable.

NOTE 5 - UNRESTRICTED NET ASSETS - DESIGNATED

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

	<u>2020</u>	<u>2019</u>
OCFC's Loan Program	0	85,000
Project Expenditures	150,000	200,000
Total Unrestricted Net Assets - Designated	<u>\$ 150,000</u>	<u>\$ 285,000</u>

NOTE 6 - CONDUIT DEBT OBLIGATIONS

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

SUPPLEMENTARY INFORMATION

ORANGE COUNTY FUNDING CORPORATION
NEW WINDSOR, NEW YORK

SCHEDULE OF BONDS OUTSTANDING - CONDUIT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>PROJECT</u>	<u>12/31/19 BALANCE</u>	<u>ISSUED</u>	<u>PRINCIPAL PAID</u>	<u>ADJUSTMENT</u>	<u>12/31/20 BALANCE</u>
Mount Saint Mary College	49,525,000	0	2,145,000	0	47,380,000
Monroe Cable Company, Inc - A	658,392	0	658,392	0	0
Sheri Torah *	13,610,592	0	0	0	13,610,592
Walkill Realty Partners, LLC	33,905,000	0	500,000	0	33,405,000
Crystal Run Village, Inc.	9,051,654	0	172,778	0	8,878,876
Spring Valley Apartments LLC	8,694,571	0	99,725	0	8,594,846
Stony Point Apartments LLC	5,108,036	0	58,588	0	5,049,448
Walkill Apartments LLC	5,350,565	0	61,370	0	5,289,195
	<u>125,903,810</u>	<u>0</u>	<u>3,695,853</u>	<u>0</u>	<u>122,207,957</u>

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

Note - A: Project did not respond to the confirmation request. Per the Corporation, all principal was paid during 2020, leaving as \$0 balance as of December 31, 2020.

ORANGE COUNTY FUNDING CORPORATION
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - BONDS
FOR THE YEAR ENDED DECEMBER 31, 2020

<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 Jobs Created/ Current</u>	<u>Tax Exemptions</u>		<u>PILOTS</u>
							<u>Sales</u>	<u>Real Property</u>	
Mount Saint Mary College 330 Powell Avenue Newburgh, NY 12550	Education	12/21/2012 Various	2.99% & 3.95%	Tax Exempt	49,525,000 47,380,000	0 / 509	N/A	N/A	N/A
Sheri Torah * 5 Buchanan Court - Unit 111 Monroe, NY 10950	Religious	10/1/2015 10/1/2040	3.20%	Tax Exempt	13,610,592 13,610,592	* / *	*	*	*
Wallkill Realty Partners, LLC 800 Westchester Avenue Rye Brook, NY 10573	Real Estate	12/28/2012 1/1/2046	6.50%	Taxable	33,905,000 33,405,000	70 / 91	N/A	N/A	351,888
Crystal Run Village, Inc. 601 Stony Ford Road Middletown, NY 10941	Not-for-Profit	12/27/2018 1/1/2049	3.79%	Tax Exempt	9,051,654 8,878,876	1 / 553	N/A	N/A	N/A
Spring Valley Apartments LLC 700 White Plains Road Scarsdale, NY 10583	Real Estate	12/29/2017 1/1/2055	4.84%	Taxable	8,694,571 8,594,846	0 / 3	0	0	73,777

Tickmark Legend:

N/A - Denotes an attribute for which the confirmation respondent noted as not applicable.

* - Denotes that a project did not respond to the confirmation request.

ORANGE COUNTY FUNDING CORPORATION
NEW WINDSOR, NEW YORK

SCHEDULE OF SUPPLEMENTAL INFORMATION - BONDS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Project/Owner</u>	<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Federal Tax Status</u>	<u>Beginning/Ending Balances</u>	<u>FTE Jobs Created/ Current</u>	<u>Tax Exemptions</u>		<u>PILOTS</u>
							<u>Sales</u>	<u>Real Property</u>	
Stony Point Apartments LLC 700 White Plains Road Scarsdale, NY 10583	Real Estate	12/29/2017 1/1/2055	4.84%	Taxable	5,049,448 5,049,448	0 / 3	0	0	36,778
Wallkill Apartments LLC 700 White Plains Road Scarsdale, NY 10583	Real Estate	12/29/2017 1/1/2055	4.84%	Taxable	8,534,739 5,350,565	0 / 3	0	0	31,519

Tickmark Legend:

N/A - Denotes an attribute for which the confirmation respondent noted as not applicable.

* - Denotes that a project did not respond to the confirmation request.