

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

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

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY & COMPONENT UNIT
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 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, 2020 and 2019, 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, 2020 and 2019, 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) 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 8, 2021 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 on pages 17 to 22 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 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, 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 OCIDA's net assets decreased by \$2,534,100 from \$14,118,625 to \$11,584,525.
- Operating revenues increased by \$342,854 from \$392,785 to \$735,639.
- Operating expenses decreased by \$42,367 from \$3,312,106 to \$3,269,739.

SUMMARY OF OPERATIONS

<u>Revenues:</u>	2020	2019	Over/Under
Fees, Net of Refunds	\$ 477,818	(\$7,895)	\$ 485,713
Rental Income	80,600	53,037	27,563
Grant Income	40,000	108,528	(68,528)
Interest Income	122,973	196,615	(73,642)
Administrative and Other Fees	14,248	42,500	(28,252)
Total Revenues	<u>\$ 735,639</u>	<u>\$ 392,785</u>	<u>\$ 342,854</u>
<u>Expenses:</u>			
Administrative expenditures	\$ 2,985,810	\$ 2,384,964	\$ 600,846
Projects and Special Initiatives	194,069	891,856	(697,787)
Depreciation	89,860	35,286	54,574
Total Expenses	<u>\$ 3,269,739</u>	<u>\$ 3,312,106</u>	<u>\$ 42,367</u>

FINANCIAL POSITION SUMMARY

Net Assets serve as an indicator of the Agency's financial position. The Agency's Net Assets were \$11,584,525 and \$14,118,625 at December 31, 2020 and 2019, a decrease of \$2,534,100 or 18%. Liabilities were \$485,630 and \$1,197,551 at December 31, 2020 and 2019, a decrease of \$711,921.

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, 2020 and 2019. 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>2020</u>	<u>2019</u>
	<u>OCIDA /</u> <u>OCBA</u>	<u>OCFC</u>	<u>TOTAL</u>	<u>TOTAL</u>
<u>ASSETS:</u>				
<u>Current Assets:</u>				
Cash and Cash Equivalents	3,710,325	962,383	4,672,708	5,756,441
Certificates of Deposit	2,985,792	540,886	3,526,678	5,718,181
Accounts Receivable - Current Portion	2,798,352	0	2,798,352	912,842
Loans Receivable, Net of Allowance	0	276,513	276,513	
Accrued Interest Receivable	14,292	213	14,505	8,054
Prepaid Expense	67,455	1,080	68,535	98,203
Total Current Assets	<u>9,576,216</u>	<u>1,781,075</u>	<u>11,357,291</u>	<u>12,493,721</u>
Capital Assets - Net	640,680	0	640,680	670,873
<u>Other Assets:</u>				
Accounts Receivable - Long Term Portion	33,466	0	33,466	2,132,864
Security Deposit	38,718	0	38,718	18,718
Total Other Assets	<u>72,184</u>	<u>0</u>	<u>72,184</u>	<u>2,151,582</u>
 TOTAL ASSETS	 <u>10,289,080</u>	 <u>1,781,075</u>	 <u>12,070,155</u>	 <u>15,316,176</u>
 <u>LIABILITIES AND NET ASSETS:</u>				
<u>Current Liabilities:</u>				
Accounts Payable and Accrued Expenses	472,199	8,428	480,627	1,191,568
Tenant Security Deposits	5,003	0	5,003	5,983
Total Current Liabilities	<u>477,202</u>	<u>8,428</u>	<u>485,630</u>	<u>1,197,551</u>
<u>Net Assets:</u>				
Investment in Capital Assets	640,680	0	640,680	670,873
Unrestricted Net Assets - Designated	951,700	150,000	1,101,700	2,225,500
Unrestricted Net Assets - Undesignated	8,219,498	1,622,647	9,842,145	11,222,252
Total Net Assets	<u>9,811,878</u>	<u>1,772,647</u>	<u>11,584,525</u>	<u>14,118,625</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>10,289,080</u>	 <u>1,781,075</u>	 <u>12,070,155</u>	 <u>15,316,176</u>

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

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	<u>OCIDA / OCBA</u>	<u>OCFC</u>	<u>2020</u>	<u>2019</u>
			<u>TOTAL</u>	<u>TOTAL</u>
<u>REVENUES:</u>				
Fee Income, Net	406,091	0	406,091	(65,968)
Closing Fees	71,727	0	71,727	58,073
Rental Income	80,600	0	80,600	53,037
Grant Income	40,000	0	40,000	108,528
Interest Income	107,307	15,666	122,973	196,615
Administrative Fees	10,000	0	10,000	30,000
Other Income	3,748	500	4,248	12,500
Total Revenues	719,473	16,166	735,639	392,785
<u>EXPENSES:</u>				
Projects and Special Initiatives	109,207	84,862	194,069	891,856
Contractual Expenses	140,706	0	140,706	168,001
Payroll	465,693	0	465,693	402,969
Payroll Taxes	35,529	0	35,529	31,957
Payroll Administration Fees	8,253	0	8,253	4,082
Employee Benefits	47,567	0	47,567	46,610
Rent	469,465	0	469,465	316,200
Management Fees	821,798	0	821,798	575,899
Professional Fees	418,952	22,647	441,599	358,211
Advertising	178,553	0	178,553	240,311
Repairs and Maintenance	105,695	0	105,695	29,861
Telephone	35,531	0	35,531	42,531
Utilities	55,420	0	55,420	62,080
Office and Miscellaneous Expenses	35,897	25	35,922	38,663
Travel and Entertainment	3,805	0	3,805	24,967
Loan Administration Fees	0	8,678	8,678	0
Bad Debt Expense	2,497	70,000	72,497	0
Conferences and Seminars	6,380	0	6,380	0
Insurance	36,517	16,202	52,719	42,270
Dues and Subscriptions	0	0	0	352
Depreciation Expense	89,860	0	89,860	35,286
Total Expenses	3,067,325	202,414	3,269,739	3,312,106
CHANGE IN NET ASSETS	(2,347,852)	(186,248)	(2,534,100)	(2,919,321)
NET ASSETS, BEGINNING OF YEAR	12,159,730	1,958,895	14,118,625	17,037,946
NET ASSETS, END OF YEAR	9,811,878	1,772,647	11,584,525	14,118,625

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>OCIDA / OCBA</u>	<u>OCFC</u>	<u>2020 TOTAL</u>	<u>2019 TOTAL</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Change in Net Assets	(2,347,852)	(186,248)	(2,534,100)	(2,919,321)
<u>Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:</u>				
Depreciation	89,860	0	89,860	35,286
Allowance on Resiliency Loans	0	70,000	70,000	0
<u>Changes in Assets and Liabilities:</u>				
Accounts Receivable	213,888	0	213,888	(185,959)
Prepaid Expense	15,208	14,459	29,667	(74,345)
Accrued Interest	(9,183)	2,732	(6,451)	4,925
Security Deposit	(20,000)	0	(20,000)	4,450
Tenant Security Deposits	(980)	0	(980)	2,083
Accounts Payable and Accrued Expenses	(712,329)	1,388	(710,941)	798,678
Total Adjustments	(423,536)	88,579	(334,957)	585,118
Net Cash Used in Operating Activities	(2,771,388)	(97,669)	(2,869,057)	(2,334,203)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Purchase of Fixed Assets	(59,667)	0	(59,667)	(189,523)
Redemption of Certificates of Deposit	4,692,681	1,025,500	5,718,181	5,605,430
Purchase of Certificates of Deposit	(2,985,792)	(540,886)	(3,526,678)	(5,718,181)
Net Cash Provided by (Used in) Investing Activities	1,647,222	484,614	2,131,836	(302,274)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>				
Resiliency Loan Disbursements	0	(476,500)	(476,500)	0
Resiliency Loan Repayments	0	129,988	129,988	0
Net Cash Used in Financing Activities	0	(346,512)	(346,512)	0
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,124,166)	40,433	(1,083,733)	(2,636,477)
CASH AND CASH EQUIVALENTS, BEGINNING	4,834,491	921,950	5,756,441	8,392,918
CASH AND CASH EQUIVALENTS, ENDING	<u>3,710,325</u>	<u>962,383</u>	<u>4,672,708</u>	<u>5,756,441</u>

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 unit 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 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 Corporation is exempt from federal, state, and local income taxes. 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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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, 2020 and 2019 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, 2020 and 2019.

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	Life of Lease

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, 2020, no new accounting pronouncements were adopted.

The GASB had recently issued the following new statements:

- Statement No. 87, *Leases*, which is 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 Agency has not implemented the aforementioned pronouncements as they are still considering the impacts on the financial statements.

Subsequent Events

The Agency 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 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, 2020 and 2019, the Agency's deposits were fully insured or collateralized and consisted of the following:

December 31, 2020

	<u>Balance</u>	<u>FDIC Insurance</u>	<u>Pledge Collateral</u>
Chase	1,432,524	250,000	1,182,524
Orange Bank and Trust	2,606,803	250,000	2,356,803
Sterling National	1,719,791	250,000	1,469,791
M&T Bank	4,360,045	250,000	4,110,045
	<u>10,119,163</u>	<u>1,000,000</u>	<u>9,119,163</u>

December 31, 2019

Chase	522,655	250,000	272,655
Orange Bank and Trust	2,626,296	250,000	2,376,296
Sterling National	5,403,771	250,000	5,153,771
M&T Bank	2,921,900	250,000	2,671,900
	<u>11,474,622</u>	<u>1,000,000</u>	<u>10,474,622</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, 2020 and 2019.

At December 31, 2020, future minimum receipts related to accounts receivable are as follows:

2020	2,798,352
2021	<u>33,466</u>
	<u>2,831,818</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, 2020, the note receivable is \$248,083. As there have been no changes in the status of the Agency's note receivable, management elected to complete the write-off of the costs and the reserve.

NOTE 6 - 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 7 - CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended December 31, 2020.

<u>Capital Assets</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Reclassifications</u>	<u>Balance</u> <u>12/31/2020</u>
Equipment	288,539	25,000	(28,618)	(50,978)	233,943
Furniture	39,791	0	0	(11,682)	28,109
Leasehold Improvements	500,009	34,668	0	60,176	594,853
	<u>828,339</u>	<u>59,668</u>	<u>(28,618)</u>	<u>(2,484)</u>	<u>856,905</u>
Less: accumulated depreciation	(157,466)	(61,243)	0	2,484	(216,225)
Capital assets, net	<u>670,873</u>	<u>(1,575)</u>	<u>(28,618)</u>	<u>0</u>	<u>640,680</u>

NOTE 7 - CAPITAL ASSETS - CONTINUED

The following is a summary of the changes in capital assets for the year ended December 31, 2019.

<u>Capital Assets</u>	Balance <u>12/31/2018</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Reclassifications</u>	Balance <u>12/31/2019</u>
Equipment	228,363	60,176	0	0	288,539
Furniture	39,791	0	0	0	39,791
Leasehold Improvements	370,662	129,347	0	0	500,009
	<u>638,816</u>	<u>189,523</u>	<u>0</u>	<u>0</u>	<u>828,339</u>
Less: accumulated depreciation	(122,180)	(35,286)	0	0	(157,466)
Capital assets, net	<u>516,636</u>	<u>154,237</u>	<u>0</u>	<u>0</u>	<u>670,873</u>

NOTE 8 - 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. As of December 31, 2020, there have been no changes in the status of the Agency's investment in the development costs and management elected to complete the write-off of the costs and the reserve.

NOTE 9 - 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. As of December 31, 2020, there have been no changes in the status of the Agency's investment in the limited liability company and management elected to complete the write-off of the costs and the reserve.

NOTE 10 - 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 office, research and development, manufacturing 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 certain grants. 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, 2020, expected client rental revenues expected for 2021 are \$105,400.

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, 2020 and 2019, the OCBA held \$5,003 and \$5,983, respectively in tenant security deposits that will be returned upon termination of the lease.

NOTE 11 - UNRESTRICTED NET ASSETS - DESIGNATED

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

	<u>2020</u>	<u>2019</u>
PTAC	0	28,000
Hudson Valley Agribusiness Development Corporation	25,000	25,000
Orange County Foreign Trade Zone	25,000	25,000
OCFC Loan Program	0	85,000
Women's Enterprise Development Center	30,000	30,000
TSEC	35,000	35,000
Friends of Orange County Youth Bureau Fund	23,000	22,500
Projects and Special Initiatives	<u>963,700</u>	<u>1,975,000</u>
Total Unrestricted Net Assets - Designated	<u>1,101,700</u>	<u>2,225,500</u>

NOTE 12 - RETIREMENT PLAN

The Agency adopted a new retirement plan for the year beginning January 1, 2019, allowing the employees to participant in the New York State Deferred Compensation Plan. The New York State Deferred Compensation Plan is a 457(b) retirement plan created for New York State employees, and employees of participating agencies.

NOTE 13 - OPERATING LEASES

A lease has been entered into with First Columbia 4-LA, LLC to lease office space located at 4 Crotty Lane in the Town of New Windsor, New York. The Agency originally leased approximately 10,000 square feet at this location and occupied that space through December 31, 2017. Subsequent to year end, on January 22, 2018, the Agency entered into the fourth amendment of the original lease with a reduction in the lease property to 4,251 of rentable square feet and extended the term of the lease to February 28, 2023.

A lease has been entered into with The Danza Leser Group, LLC to lease office space in the City of Middletown, New York. The Agency is leasing 7,500 square feet with a move-in date of March 2018 and expiring in February 2023. The Agency will pay \$5,625 in basic monthly rent along with common area maintenance (CAM) and utility charges. The lease also provides for forgiveness of rent, CAM, and utility charges on the first 18 months of occupancy.

The Agency has leased various spaces from the Town of New Windsor on the Avenues of America, near the main building. There are five separate leases that range in monthly rent expense of \$1,000 to \$1,500. These leases are set to end from December 31, 2021 to May 31, 2022.

On July 15, 2018, the Agency entered into a lease agreement with B4 Holdings, LLC for the first and second floors of the building commonly known as 605 Broadway, Newburgh, New York. The leased space covers 14,000 square feet for an initial 5-year term. The basic monthly rent for the initial five-year term is \$10,500.

On September 1, 2020, the Agency entered into a lease agreement with ESR Development, Incorporated for a building located at 195 Main Street, Highland Falls, New York. The leased space covers 16,000 square feet for an initial 5-year term. The basic monthly rent for the first 3 years is \$20,000, with a 3% increase for years 4 and 5.

Future minimum lease payments in connection with these lease agreements at December 31, 2020 are as follows:

2021	584,004
2022	518,639
2023	319,257
2024	247,200
2025	164,800
	<hr/>
	1,833,899
	<hr/> <hr/>

NOTE 14 - OTHER CONTINGENCIES

The Agency is involved in various lawsuits in the normal course of business. As of December 31, 2020, management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result has been made to the financial statements. Management believes that losses resulting from these matters, if any, would not have a material effect on the financial position of the Agency.

NOTE 15 - PROJECT EXPENSES

In 2019, the Agency approved a reimbursable project expense of \$1.5 million for the Warwick Valley Local Development Corporation (WVLDC) to develop an accelerator space in Warwick focused on initiatives in the hemp industry. The funding was to support a project developed by WVLDC, who received a grant from Empire State Development Corporation (ESD) for the project. The grant agreement outlines a 40% reimbursement to the WVLDC based on an overall project cost of at least \$7.5 million (reimbursement up to \$3 million). The project has four separate phases for which WVLDC can request grant funding as the individual phases are completed. The agreement between WVLDC and ESD outlines the grant funding as follows:

Infrastructure Improvements to John Hicks Drive: Up to \$500,000 will be disbursed to the Grantee upon receipt of documentation verifying project costs of at least \$1,277,139.

Lighting Upgrade: Up to \$44,910 will be disbursed to the Grantee upon receipt of documentation verifying project costs of at least \$112,275.

Water System Upgrade: Up to \$257,684 will be disbursed to the Grantee upon receipt of documentation verifying project costs of at least \$644,209.

Improvements to Incubator/Apprentice Program Building: Up to \$2,197,406 will be disbursed to the Grantee upon receipt of documentation verifying project costs of at least \$5,515,058.

As of the date of these financial statements, phases one, two and three have been completed and request for disbursement has been submitted through the WVLDC. Phase four is nearing completion.

At December 31, 2020, the Agency has expended \$2,000,000 for the project. As such, a short-term receivable has been recorded in a matching amount as WVLDC anticipates full reimbursement from ESD in or around mid-2021.

NOTE 16 - 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, 2020

<u>PROJECT</u>	<u>12/31/19 BALANCE</u>	<u>ISSUED</u>	<u>PRINCIPAL PAID</u>	<u>12/31/20 BALANCE</u>
Crystal Run Village, Inc *	535,000	0	0	535,000
Glen Arden, Inc.	14,690,000	0	1,120,000	13,570,000
St. Lukes Hospital - 2001A	8,435,000	0	1,025,000	7,410,000
St. Lukes Hospital - 2001B	2,975,000	0	360,000	2,615,000
St. Lukes Hospital - 2006	10,605,000	0	610,000	9,995,000
Tuxedo Place, L.P. *	9,815,000	0	0	9,815,000
Tuxedo Park School	1,500,000	0	0	1,500,000
	<u>48,555,000</u>	<u>0</u>	<u>3,115,000</u>	<u>45,440,000</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, 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 Employees Created / Current</u>	<u>Tax Exemptions</u>		<u>PILOTS</u>
							<u>Sales</u>	<u>Real Property</u>	
Crystal Run Village, Inc * ^ 420 Schutt Road Ext Middletown, NY 10940	Services	6/15/2006 7/1/2021	Fixed 5.25%	Tax Exempt	535,000 535,000	1 / 553	N/A	N/A	N/A
Glen Arden (Elant) 214 Harriman Drive Goshen, NY 10924	Services	7/1/1998 1/1/2028	Fixed 5.700%	Tax Exempt	14,690,000 13,570,000	0 / 76	N/A	N/A	306,675
St. Luke's Cornwall Hospital - 2001A 70 Dubois Street Newburgh, NY 12550	Services	12/1/2001 12/1/2026	Fixed *	Tax Exempt	8,435,000 7,410,000	25 / 939	N/A	N/A	N/A
St. Luke's Cornwall Hospital - 2001B 70 Dubois Street Newburgh, NY 12550	Services	12/1/2001 12/1/2026	Fixed *	Tax Exempt	2,975,000 2,615,000	25 / 939	N/A	N/A	N/A
St. Luke's Cornwall Hospital - 2006 70 Dubois Street Newburgh, NY 12550	Services	6/22/2006 7/1/2032	Fixed *	Tax Exempt	10,605,000 9,995,000	25 / 939	N/A	N/A	N/A
Tuxedo Park School Mountain Farm Road Tuxedo Park, NY 10987	Other	9/11/2002 9/11/2022	Variable 0.650%	Tax Exempt	1,500,000 1,500,000	0 / 41	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	*/*	*	*	*

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

^ - Organization responded to OCFC confirmation. The auditor assumed that the OCIDA Bond Confirmation was overlooked. FTE data pulled from OCFC confirm.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NEW WINDSOR, NEW YORK

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

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal Tax Status</u>	<u>FTE Employees Created / Current</u>	<u>Tax Exemptions Sales</u>	<u>Mortgage</u>	<u>PILOTS</u>
360 Middletown Holdings, LLC 360 Crystal Run Road Middletown, NY 10941	Services	Taxable	31/29	25,343	N/A	N/A
Allstate Fabrication * 15 Highview Ave. Orangeburgh, NY 10962	Services	Taxable	0/21	N/A	N/A	37,215
Amy's Kitchen 1650 Corporate Circle, Ste 200 Petaluma, CA 94955	Services	Taxable	0 / 1	127,984	N/A	12,186
Blackhawk Development, LLC CBRE 2415 E. Camelback Road Phoenix, AZ 85016	Services	Taxable	0 / 168	N/A	N/A	234,666
C&S Wholesale Grocers, Inc. * 10 Optical Ave Keene, NH 03431	Wholesale Trade	Taxable	*/*	*	*	*
Carlisle Construction 1285 Ritner Highway Carlisle, PA 17013	Manufacturing	Taxable	3 / 96	N/A	N/A	534,305
Clear Key II, LLC 15 Bailie Lane Monroe, NY 10950	Development	Taxable	23 / 12	N/A	N/A	26,510
Coach Hudson Transit Lines 66 Tetz Road Chester, NY 10918	Transportation	Taxable	0 / 142	N/A	N/A	442,679
CPV Valley LLC 8403 Coesville Rd, Suite 915 Silver Spring, MD 20910	Energy	Taxable	1 / 23	N/A	N/A	N/A
CRH Realty III, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	2 / 142	N/A	N/A	171,591

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 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal Tax Status</u>	<u>FTE Employees Created / Current</u>	<u>Tax Exemptions Sales</u>	<u>Mortgage</u>	<u>PILOTS</u>
CRH Realty VI, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	2 / 457	N/A	N/A	26,610
CRH Realty VIII, LLC 155 Crystal Run Road Middletown, NY 10941	Services	Taxable	1 / 203	N/A	N/A	248,581
Cross Roads Court Real Estate, LLC PO Box 10804 Newburgh, NY 12552	Development	Taxable	7 / 15	N/A	N/A	311,728
Dana Distributors 52 Hatfield Ln Goshen, NY 10924	Distribution	Taxable	A	N/A	N/A	11,300
Danskammer Energy, LLC 994 River Road Newburgh, NY 12550	Energy	Taxable	0 / 34	N/A	N/A	1,561,484
Fairbanks Manufacturing LLC c/o Medora Snacks 79 Industrial Place Ext. Middletown, NY 10941	Manufacturing	Taxable	140 / 421	N/A	N/A	102,786
GAM Property Corp 3 Hatfield Lane-Suite 2C Goshen, NY 10924	Services	Taxable	0 / 44	79,702	N/A	70,334
Hampton Park * 1344 Route #9 Castleton, NY 12033	Services	Taxable	*/*	*	*	*
IBM (2018 New Pilot) 1 North Castle Drive Armonk, NY 10504	Manufacturing	Taxable	N/A / 176 estimate	N/A	N/A	524,300
IBM (2015 Sales Tax) 1 North Castle Drive Armonk, NY 10504	Manufacturing	Taxable	N/A / 176 estimate	909,911	N/A	N/A

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 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal Tax Status</u>	<u>FTE Employees Created / Current</u>	<u>Tax Exemptions Sales</u>	<u>Mortgage</u>	<u>PILOTS</u>
Isomedix Operations 5960 Heisley Road Mentor, OH 44060	Services	Taxable	1 / 141	N/A	N/A	54,558
Kraftify LLC 251 State School Road Warwick, NY 10990	Services	Taxable	19 / 8	N/A	N/A	N/A
Leentjes Amusement Corp (d/b/a The Castle) (2016 Expansion Project) PO Box 1032 Chester, NY 10918	Services	Taxable	0 / 8	3,778	N/A	N/A
Matrix Newburgh I, LLC Matrix Development Group 3 Centre Dr. Monroe Township, NJ 08831	Services	Taxable	0 / 278	N/A	N/A	527,726
Mediacom 1 Mediacom Way Mediacom Park, NY 10918	Communications	Taxable	0 / 370	N/A	N/A	152,732
Merlin Entertainment Group One Legoland Drive Carlsbad, CA 92008	Services	Taxable	84 / 130	3,436,067	N/A	781,230
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 / 17	N/A	N/A	13,712
NYTT, LLC * 975 Belmont Avenue North Haledon, NJ 07508	Service	Taxable	*/*	*	*	*
Orange Tower Drive LLC * 915 Union Avenue New Windsor, NY 12553	Services	Taxable	*/*	*	*	*

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 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Project/Owner</u>	<u>Purpose</u>	<u>Federal Tax Status</u>	<u>FTE Employees Created / Current</u>	<u>Tax Exemptions Sales</u>	<u>Mortgage</u>	<u>PILOTS</u>
Retford Investments 45 Turner Drive Middletown, NY 10941	Manufacturing	Taxable	0 / 69	N/A	N/A	72,290
Satin Fine Foods Inc. & Satin Realty Associates, LLC 37 Elkay Drive, Suite 41 Chester, NY 10918	Other	Taxable	2 / 66	N/A	N/A	233,614
Stewart FBI LLC / Avenue of the Americas 80 Curtwright Drive - Suite 5 Williamsville, NY 14221	Services	Tax Exempt	0 / 0	N/A	N/A	13,614
USAI 1126 River Road New Windsor, NY 12553	Services	Taxable	0 / 227	N/A	N/A	99,109
Walkill Realty Partners LLC 800 Westchester Avenue Suite S-712 Rye Brook, NY 10573	Services	Taxable	70 / 91	N/A	N/A	351,888

A - No information indicated. Section was left blank.

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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the Orange County Industrial Development Agency's (the OCIDA) compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") for the period January 1, 2020 through December 31, 2020. Management of the OCIDA is responsible for the OCIDA's compliance with the specified requirements. Our responsibility is to express an opinion on the OCIDA's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the OCIDA complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the OCIDA complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the OCIDA's compliance with specified requirements.

In our opinion, the OCIDA complied, in all material respects, with the aforementioned requirements for the period of January 1, 2020 through December 31, 2020.

This report is intended solely for the information and use of the Board of Directors, management, and others within the OCIDA and the New York State Authorities Budget Office and is not intended to be and should not be used by anyone other than these specified parties.

Judelson, Giordano & Siegel, CPA, PC

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