FINANCIAL STATEMENTS

ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION D/B/A ORANGE COUNTY PARTNERSHIP

DECEMBER 31, 2013

ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION
D/B/A ORANGE COUNTY PARTNERSHIP

DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Orange County Economic Development Corporation
d/b/a Orange County Partnership

We have audited the accompanying financial statements of Orange County Economic Development Corporation (Orange County Partnership) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orange County Economic Development Corporation (Orange County Partnership) as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Knack, Pavloff and Company, LLP

Monticello, New York

August 26, 2014

ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION
D/B/A ORANGE COUNTY PARTNERSHIP
STATEMENTS OF FINANCIAL POSITION
As At December 31,

ASSETS	2013	2012
CURRENT ASSETS		
Cash	$ 516,620	$ 494,371
Accounts Receivable	101,885	93,834
Prepaid Expenses	13,300	15,594
TOTAL CURRENT ASSETS	631,805	603,799
PROPERTY & EQUIPMENT		
Property & Equipment	127,189	121,979
Less: Accumulated Depreciation	55,727	47,603
NET PROPERTY & EQUIPMENT	71,462	74,376
TOTAL ASSETS	$ 703,267	$ 678,175
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable & Accrued Liabilities	$ 19,316	$ 27,208
Deferred Revenue	3,050	1,050
TOTAL CURRENT LIABILITIES	22,366	28,258
NET ASSETS		
Unrestricted	680,901	649,917
TOTAL NET ASSETS	680,901	649,917
TOTAL LIABILITIES & NET ASSETS	$ 703,267	$ 678,175

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION
D/B/A ORANGE COUNTY PARTNERSHIP
STATEMENTS OF ACTIVITIES
For The Years Ended December 31,

	2013	2012
UNRESTRICTED NET ASSETS		
UNRESTRICTED REVENUES & OTHER SUPPORT		
Contract Services:		
County of Orange	$ 170,000	$ 170,000
Orange County Industrial Development Agency	200,000	200,000
Member Investments	202,298	189,335
Interest Income	2,135	3,435
Other Revenue	53,922	79,433
Event Income (Net of expenses of $98,116 & $92,573)	119,418	100,281
Membership Dues	19,250	14,600
TOTAL UNRESTRICTED REVENUES & OTHER SUPPORT	767,023	757,084
EXPENSES		
Program Services	611,130	653,946
Management & General	124,909	136,612
TOTAL EXPENSES	736,039	790,558
INCREASE (DECREASE) IN NET ASSETS	30,984	(33,474)
NET ASSETS - Beginning of Year	649,917	683,391
NET ASSETS - End of Year	$ 680,901	$ 649,917

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION
D/B/A ORANGE COUNTY PARTNERSHIP
STATEMENTS OF FUNCTIONAL EXPENSES
For The Years Ended December 31,

			2013	2012
	PROGRAM SERVICES	MANAGEMENT & GENERAL	TOTAL EXPENSES	TOTAL EXPENSES
EXPENSES				
Salaries	$ 358,888	$ 68,165	$ 427,053	$ 420,971
Employee Benefits	18,052	3,429	21,481	37,039
Payroll Taxes	27,327	5,190	32,517	34,822
Professional Fees	12,623	14,708	27,330	20,807
Contract Labor	36,044	-	36,044	19,613
Advertising & Promotion	11,039	3,680	14,719	28,940
Office Expense	14,787	4,930	19,717	19,135
Occupancy	24,571	8,189	32,760	31,972
Auto	10,969	1,936	12,905	11,665
Travel	7,904	1,394	9,298	5,842
Conferences & Meetings	6,628	2,208	8,836	28,796
Insurance	4,434	1,479	5,913	4,910
Business Development	49,068	-	49,068	89,090
Telephone	10,740	3,580	14,320	15,353
Repairs & Maintenance	9,927	3,309	13,236	9,823
Dues & Subscriptions	2,038	679	2,717	2,027
Depreciation	6,094	2,031	8,125	9,753
TOTAL EXPENSES	$ 611,130	$ 124,909	$ 736,039	$ 790,558

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION
D/B/A ORANGE COUNTY PARTNERSHIP
STATEMENTS OF CASH FLOWS
For The Years Ended December 31,

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 30,984	$ (33,474)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	8,124	9,753
Decrease (Increase) in Operating Assets		
Accounts Receivable	(8,051)	416
Prepaid Expenses	2,294	3,304
Increase (Decrease) in Operating Liabilities		
Accounts Payable & Accrued Liabilities	(7,892)	(1,594)
Deferred Revenue	2,000	(11,290)
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	27,459	(32,885)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(5,210)	(3,830)
CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(5,210)	(3,830)
NET INCREASE (DECREASE) IN CASH	22,249	(36,715)
CASH - Beginning of Year	494,371	531,086
CASH - End of Year	$ 516,620	$ 494,371

ORANGE COUNTY ECONOMIC DEVELOPMENT CORPORATION
D/B/A ORANGE COUNTY PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Orange County Economic Development Corporation, D/B/A Orange County Partnership ("Partnership") is presented to assist in understanding the Partnership's financial statements. The financial statements and the notes are representations of the Partnership's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization

The Orange County Economic Development Corporation was incorporated in 1985 and operates as a non-profit organization. The primary business activity of the Partnership is as an external marketing agency for the economic and employment development of Orange County, New York.

Income Taxes

The Partnership is exempt from taxation under Section 501(c)(6) of the Internal Revenue Code. The Partnership evaluates all significant tax positions as required by generally accepted accounting principles in the United States and the tax laws that govern organizations exempt from income tax. As of December 31, 2013 and 2012, the Partnership does not believe that it has taken any tax positions that would jeopardize its tax exempt status or that would require the recording of any tax liability. The Partnership's informational exempt tax filings are subject to examination by the appropriate federal and state jurisdictions. As of December 31, 2013, the Partnership's federal and state informational tax exempt filings generally remained open for the last three years.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The Partnership reports information regarding its financial position and activities according to three classes of net assets: Unrestricted Net Assets, Temporarily Restricted Net Assets and Permanently Restricted Net Assets. A description of the three net asset categories follows:

> Unrestricted Net Assets – Net Assets that are not subject to grantor-imposed stipulations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or may not be met either by actions of the Partnership and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Partnership. Generally, the donors of these assets permit the Partnership to use the income earned on the related investments for specific purposes.

Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Sources of Support

The Partnership generates support in the form of contracts for service from government and governmental agencies, memberships and sponsorships from regional commercial entities and through hosting of business networking events.

Donated Goods and Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. These donations are recorded at their fair values as both a contribution and an expense in the period received. The estimated fair market value of the donated goods and services for the years ended December 31, 2013 and 2012 was $1,050, for each year.

Cash and Cash Equivalents

The Partnership considers all unrestricted demand deposits, money market funds and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

The Partnership considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

Property and equipment are stated at cost or the fair market value of donated assets. Depreciation is provided for using the straight-line method over the estimated useful lives of the respective assets.

Estimated useful lives are as follows:

Office Equipment	3-5 years
Leasehold Improvements	39 years
Vehicles	5 years

Depreciation expense for the years ended December 31, 2013 and 2012 amounted to $8,125 and $9,753, respectively.

Support Recognition

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for specific purposes by the donor are recognized when the purpose of the contribution is met. The amount of support to be recognized in future periods is recorded as deferred revenue. Deferred revenue at December 31, 2013 and 2012 was $3,050 and $1,050, respectively.

Advertising Costs

The Partnership expenses the costs of advertising and promotions over the period the advertising is in effect. Advertising expenses for the years ended December 31, 2013 and 2012 was $14,719 and $28,940, respectively.

NOTE 2 – PROPERTY & EQUIPMENT

Property and equipment consist of the following:

	2013	2012
Office Equipment	$ 46,591	$41,381
Leasehold Improvements	44,447	44,447
Vehicles	36,151	36,151
	127,189	121,979
Less: Accumulated Depreciation	55,727	47,603
Net Property & Equipment	$ 71,462	$ 74,376

NOTE 3 – CONCENTRATION OF RISK

Concentration of Revenue Sources

The Organization received approximately 43% in 2013 and 43% in 2012 of its total support and revenue from the New York State County of Orange and the Orange County Industrial Development Agency.

Concentration of Credit Risk

Financial instruments that potentially subject the Partnership to concentrations of credit risk consist principally of temporary cash investments. The Partnership maintains cash balances with various financial institutions. The cash balances may, at times, exceed the amount covered by the Federal Deposit Insurance Corporation (FDIC) of $250,000. At December 31, 2013 and 2012, there were no uninsured balances.

NOTE 4 – GOVERNMENTAL CONTRACTED SERVICES REVENUE RECEIVED

The Partnership provides its services to The County of Orange and Orange County Industrial Development Agency (IDA). Revenue received consisted of the following:

	2013	2012
County of Orange	$170,000	$170,000
Orange County IDA	200,000	200,000
Total	$370,000	$370,000

NOTE 5 – LEASES

The Partnership entered into a lease agreement for office equipment in March 2013 for a term of 39 months with monthly payments of $384. Equipment lease expense for the years ended December 31, 2013 and 2012 was $4,895 and $5,328, respectively. Additional payments represent periodic usage charges over the parameters set forth in the contract.

The Partnership leases office space in Goshen, New York and entered into a 60 month lease agreement in September 2013. Occupancy expense related to this lease for the years ended December 31, 2013 and 2012 was $32,760 and $31,972, respectively.

The following is a schedule of future minimum lease properties required under the leases:

2014	$ 37,683
2015	37,998
2016	35,172
2017	34,020
2018	22,680
	$167,553

NOTE 6 – PENSION PLAN

The Partnership has a defined contribution pension plan that covers all full-time employees who have met eligibility requirements. Contributions to the plan are based on 7.5% if the participants' compensation. Pension contributions for the years ended December 31, 2013 and 2012 amounted to $11,920 (net of forfeitures of $7,190) and $23,437, respectively.

NOTE 7 – SUBSEQUENT EVENTS

These financial statements have evaluated the subsequent events through August 26, 2014, the date which the financial statements were available to be issued.