

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A blended component unit of Ulster County, New York)

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ulster County Economic Development Alliance, Inc.

Report on the Financial Statements

Opinion

We have audited the financial statements of Ulster County Economic Development Alliance, Inc., a blended component unit of Ulster County, New York, as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise Ulster County Economic Development Alliance, Inc.'s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Ulster County Economic Development Alliance, Inc., as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ulster County Economic Development Alliance, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 7, there were significant related party transactions entered into during the year in relation to the transfer of the TechCity East and West properties to the Alliance from Ulster County. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Ulster County Economic Development Alliance, Inc.'s management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ulster County Economic Development Alliance's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ulster County Economic Development Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ulster County Economic Development Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 4-6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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.

Supplementary Information

Our 2021 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Ulster County Economic Development Alliance, Inc.'s basic financial statements. The Schedule of Revenues and Expenditures – Budget and Actual is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues and Expenditures – Budget and Actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenditures – Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022 on our consideration of Ulster County Economic Development Alliance, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ulster County Economic Development Alliance, Inc.'s internal control over financial reporting and compliance.

UHY LLP

Kingston, New York
March 31, 2022

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2021 and 2020

Introduction

The management's discussion and analysis of the Ulster County Economic Development Alliance, Inc.'s (UCEDA or the Alliance) financial performance provides an overview of the Alliance's financial activities for the fiscal year ended December 31, 2021. Please read this report in conjunction with the Alliance's 2021 financial statements. UCEDA is a Local Development corporation which operates in Ulster County, New York and classified by the New York State Authority Budget Office as a public authority. This summary discussion and analysis includes only the financial and general business of the Alliance.

Financial Highlights

The Alliance's net position increased by \$22,439 (or 1.4%) as a result of operations in 2021.

In 2021, revenues decreased \$83,248 compared to 2020, or 26.8%.
In 2020, revenues increased \$86,516 compared to 2019, or 38.5%.

In 2021, expenses decreased \$146,945 compared to 2020, or 41.7%.
In 2020, expenses increased \$72,992 compared to 2019, or 26.1%.

Organization Highlights

2021 UCEDA highlights include:

- Maintained business attraction marketing campaign to acquire and nurture relocation leads.
- Continued to publish a monthly "Featured Properties" email.
- Facilitated transfer of former TechCity properties to National Resources/iPark87 through negotiated settlement of in rem proceedings.
- Obtained title to two former TechCity properties (Enterprise West) and facilitated public use for events and managed short term storage users.
- Continued implementation of Ulster County's 2040 Plan contracting with local businesses throughout the County to perform a variety of services to move key initiatives forward.
- Solicited and evaluated loan applications, awarded one new loan, and serviced ten active loans through the Ulster County Revolving Loan Fund, including visits to each site and preparation of required reporting documents for funders.
- Received a \$1 million line of funding from New York State Office of Homes and Community Renewal for direct small business assistance.
- Implemented the Ulster County CARES program with awarded State funding for small business relief.
- Worked with Cresco Labs to obtain ownership of the former Schrade site in Ellenville for a Cannabis production facility with the potential to create over 600 new jobs for the County.

Using This Annual Report

This Annual Report consists primarily of the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows, which provide information about the activities of the Alliance only.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The statements report the Alliance's net position and changes in net position. One way to measure the Alliance's financial position is to look at the net position - the difference between assets and liabilities.

See independent auditors' report.

Condensed Comparative Financial Statements and Analysis

The Alliance's net position at the end of 2021 was \$1,660,258, an increase of \$22,439 over the net position of \$1,637,819 at the beginning of 2021. The Alliance's net position at the end of the 2020 was \$1,637,819, a decrease of \$41,258 over the net position of \$1,679,077 at the beginning of 2020.

Our analysis below focuses on net position (Table 1) and the changes in net position (Table 2).

Table 1 – Statement of Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets			
Current assets	\$ 6,518,494	\$ 1,170,851	\$ 1,231,538
Other assets	322,195	652,306	639,898
Total Assets	<u>\$ 6,840,689</u>	<u>\$ 1,823,157</u>	<u>\$ 1,871,436</u>
Liabilities			
Current liabilities	\$ 5,180,431	\$ 185,338	\$ 77,477
Long-term liabilities	-	-	114,882
Total Liabilities	<u>\$ 5,180,431</u>	<u>\$ 185,338</u>	<u>\$ 192,359</u>
Net Position			
Unrestricted	\$ 1,461,131	\$ 1,438,692	\$ 1,480,062
Restricted	199,127	199,127	199,015
Total Net Position	<u>\$ 1,660,258</u>	<u>\$ 1,637,819</u>	<u>\$ 1,679,077</u>

Current Assets:

Cash totals at the end 2021 were \$1,232,151 versus \$899,282 at the end of 2020. This increase in cash was a result of increased collections on loans receivable, and receipt of grants during 2021. Additionally, current assets increased as a result of the booking of the \$5,000,000 TechCity East property available for sale.

Cash totals at the end 2020 were \$899,282 versus \$1,131,344 at the end of 2019. The decrease in cash was a result of one loan disbursed for \$100,000 and additional contract services related to the Ellenville Million Program during 2020.

Liabilities:

Liabilities at the end of 2021 were \$5,180,431 versus \$185,338 and \$192,359 at the end of 2020 and 2019, respectively.

Liabilities increased for 2021 primarily due to the booking of \$5,000,000 for the TechCity East property, which the future sale proceeds are to be turned over to the County once the sale is closed.

Liabilities decreased for 2020 primarily due to payments made for the Ellenville Million program previously held in unearned revenues.

Liabilities decreased in 2019 primarily due to the payoff of the USDA loan.

Table 2 – Change in Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues:			
Interest on loans	\$ 24,142	\$ 25,081	\$ 32,621
Other income	203,649	285,958	191,902
Total Revenues	<u>227,791</u>	<u>311,039</u>	<u>224,523</u>
Expenses:			
Operating expenses	205,352	352,297	279,101
Non-operating expenses	-	-	204
Total Expenses	<u>205,352</u>	<u>352,297</u>	<u>279,305</u>
Changes in Net Position:	<u>\$ 22,439</u>	<u>\$ (41,258)</u>	<u>\$ (54,782)</u>

The Agency's revenues in 2021 were \$227,791 versus \$311,039 and \$224,523 in 2020 and 2019, respectively. Expenses in 2021 were \$205,352 versus \$352,297 and \$279,305 in 2020 and 2019, respectively. Revenues and expenses decreased in 2021 from 2020 due to the completion of the Ellenville Million project in 2020.

Capital Assets and Long-Term Debt

There were no capital asset additions in 2021 or 2020, and the Alliance did not take on any long-term debt in 2021 or 2020.

Budget

In October of 2020, the Alliance adopted 2021 budget projecting revenues to be \$26,500 and expenses to be \$26,500. Actual 2021 revenues totaled \$227,791 and actual 2021 expenses totaled \$205,352. Revenues and expenses were significantly over budget as there was a grant obtained for the Solarize Ulster project, fees reimbursable for the TechCity property. Expenses were over due to additional contractual expense incurred for various projects undertaken, and fees related to the TechCity property.

Contacting UCEDA Financial Administrator

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Alliance's finances and to show the Alliance's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ulster County Economic Development Alliance, P.O. Box 1800, Kingston, New York 12402.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A component unit of Ulster County, New York)

STATEMENTS OF NET POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,232,151	\$ 899,282
Accounts receivable	6,966	230
Accounts receivable - TechCity East property	135,325	-
Loans receivable, current portion	115,552	102,406
Due from Ulster County	28,500	168,933
Asset available for sale - TechCity East property	5,000,000	-
Total current assets	<u>6,518,494</u>	<u>1,170,851</u>
OTHER ASSETS		
Loans receivable, less current portion, net of an allowance of \$29,808 and \$11,795 as of December 31, 2021 and 2020, respectively	322,195	652,306
Total other assets	<u>322,195</u>	<u>652,306</u>
Total assets	<u>\$ 6,840,689</u>	<u>\$ 1,823,157</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 44,348	\$ 184,089
Accounts payable - TechCity East property	135,325	-
Unearned revenue	758	1,249
Due to Ulster County	5,000,000	-
Total current liabilities	<u>5,180,431</u>	<u>185,338</u>
NET POSITION		
Unrestricted	1,461,131	1,438,692
Restricted	199,127	199,127
Total net position	<u>1,660,258</u>	<u>1,637,819</u>
Total liabilities and net position	<u>\$ 6,840,689</u>	<u>\$ 1,823,157</u>

See notes to financial statements.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A component unit of Ulster County, New York)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUE		
Contract and administrative fees	\$ 163,825	\$ 1,000
Contribution	23,500	-
Contract fees - Ellenville Million	-	283,708
Interest on loans	24,142	25,081
Rental income	14,234	-
Late fees collected	1,407	570
Miscellaneous income	499	200
Total operating revenues	<u>227,607</u>	<u>310,559</u>
OPERATING EXPENSES		
Contractual expense	44,000	40
Legal fees	142,736	-
Accounting fees	10,861	13,449
Insurance	2,781	4,223
Marketing and advertising	16,000	49,600
Contracts for services - Ellenville Million	-	283,707
Office expense	14,353	324
Provision for loan losses	(25,379)	954
Total operating expenses	<u>205,352</u>	<u>352,297</u>
Operating income (loss)	<u>22,255</u>	<u>(41,738)</u>
NON-OPERATING REVENUES		
Interest on deposits	184	480
Total non-operating revenues	<u>184</u>	<u>480</u>
CHANGE IN NET POSITION	<u>22,439</u>	<u>(41,258)</u>
NET POSITION, BEGINNING OF YEAR	<u>1,637,819</u>	<u>1,679,077</u>
NET POSITION, END OF YEAR	<u>\$ 1,660,258</u>	<u>\$ 1,637,819</u>

See notes to financial statements.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A component unit of Ulster County, New York)

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Administrative fees	\$ (5,329)	\$ 2,350
Grant - Ellenville Million	168,933	-
Contributions and grants	23,500	-
Interest on loans	24,142	26,223
Rental income	14,234	-
Miscellaneous revenue	499	200
Recovery of bad debt	43,392	-
Loans disbursed	-	(100,000)
Loans paid back	298,952	83,416
Payments to vendors	(235,638)	(244,731)
Net cash provided by (used for) operating activities	<u>332,685</u>	<u>(232,542)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	184	480
Net cash provided by investing activities	<u>184</u>	<u>480</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	332,869	(232,062)
CASH AND CASH EQUIVALENTS, Beginning of year	899,282	1,131,344
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,232,151</u>	<u>\$ 899,282</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 22,255	\$ (41,738)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Provision for loan losses	(25,379)	954
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(6,736)	780
Increase in TechCity property accounts receivable	(135,325)	-
Decrease (increase) in loans receivable	342,344	(16,584)
Decrease (increase) in due from Ulster County	140,433	(168,933)
Decrease in unearned revenue	(491)	(113,633)
(Decrease) increase in accounts payable	(139,741)	106,612
Increase in TechCity accounts payable	135,325	-
Net cash provided by (used for) operating activities	<u>\$ 332,685</u>	<u>\$ (232,542)</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Non-cash activities:		
Transfer of TechCity East Property	<u>\$ 5,000,000</u>	<u>\$ -</u>

See notes to financial statements.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A component unit of Ulster County, New York)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1 — NATURE OF ORGANIZATION

Financial Reporting Entity

The Ulster County Economic Development Alliance, Inc. (“the Alliance” or “UCEDA”) (formerly Ulster County Development Corporation) promotes job growth, economic development and community revitalization for Ulster County by unified regional and national marketing and provides business financing through a variety of countywide and municipal revolving loan funds.

Governance/Accountability

The Corporation’s sole Member is the County of Ulster, New York (the “County”) acting by and through the County Executive, ex officio. The number of Directors of the Alliance shall be seven as established by resolution adopted by the Member.

Programs of the Alliance

CDBG

Includes the activities of Community Development Block Grants revolving loan fund which provides loans below \$75,000 to businesses to create and retain jobs in Ulster County. Loans can be issued in excess of \$75,000 with a super-majority of committee approval.

Section 108

Includes the HUD Section 108 Loan Guarantee Program activities administered through Ulster County, New York, which provide loans within the range of \$75,000 to \$750,000 to businesses for development and job creation in Ulster County.

Telecommunications Fund

Provides matching loan funds under the USDA Intermediary Relending Program Loan Fund.

Ellenville Million

Ulster County entered into an agreement with the UCEDA for the administration and oversight of the Ellenville Million Program (not to exceed \$1M) which was designed to enhance the economic prosperity of the Village of Ellenville and the Town of Wawarsing in nine project areas based on recommendations from the Ellenville Million Committee. The term of the agreement was from September 1, 2015 to August 31, 2020. The UCEDA reviewed and approved plans and budgets for each project area. UCEDA required each project plan to include a summary of the project components, an expenditure plan that identified funding sources and uses for all funds involved, expected outcomes; including job creation data if applicable, timeline for completion, and other information that UCEDA deemed appropriate to ensure that the project was successfully implemented. UCEDA submitted copies of all approved plans and budgets to the Ulster County Planning Department and the Ulster County Legislature.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A component unit of Ulster County, New York)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1 — NATURE OF ORGANIZATION (Continued)

Programs of the Alliance (Continued)

Ellenville Million (Continued)

UCEDA entered into appropriate contractual relationships with all entities implementing projects. Ulster County provided the funds to the UCEDA for each qualified project holding back 20% until project completion. UCEDA reimbursed entities for expenses which have been approved in their plan, incurred, and have been paid for. UCEDA was authorized to advance payments of up to 20% of a project's contract amount based on the submission and approval by UCEDA of a Statement of Need. UCEDA held the final 20% of each project's contract amount as retainage and will only release this amount upon full completion of the project and submission of a project closeout report. UCEDA will require the project closeout report document the accomplishments of the project and include an accounting of all funds for the project.

Other activities include business retention, expansion, recruitment, and incubation, site searches, marketing, and other sector initiatives.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Alliance have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities. Revenues are recorded when earned and expenses are recorded when incurred. In accordance with accounting principles generally accepted in the United States of America, the Alliance applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. The Alliance applies GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", which was issued by the GASB on December 30, 2010. The Alliance has chosen to only apply GASB pronouncements. The Alliance does not apply any Financial Accounting Standards Board (FASB) or AICPA pronouncements post November 30, 1989, as clarified by GASB No. 62. The government-wide financial statements include the Corporation's only governmental fund (single enterprise fund).

Deferred Outflows/Inflows of Resources

GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

Statement 63 changed how governments organize their statements of financial position (such as the current government-wide statement of net assets and the governmental funds balance sheet).

As a result of Statement 63, financial statements include deferred outflows of resources and deferred inflows of resources ("deferrals"), in addition to assets and liabilities, and report net position instead of net assets.

Budgetary Data

The budget policies are as follows:

In October of each year the finance committee submits a tentative budget to the Board of Directors for the next fiscal year which begins the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A component unit of Ulster County, New York)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The application of these accounting principles involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The Alliance periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary.

The most significant estimate of the Alliance is the allowance for loan losses. The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management may obtain independent appraisals for significant collateral.

The Alliance's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Alliance has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions in Ulster County, New York. While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term.

Revenue Recognition

Contributions are recognized when received or in the period of intended use as specified by the donor. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Administrative revenue is recognized in the period services are provided. Grant revenue is recognized on cost reimbursable contracts in the period the costs are incurred. Advances on grants prior to costs being incurred in accordance with the terms of the grant agreement are unearned until the period costs are incurred. Interest on loans is recognized in the period earned over the life of the related loans receivable. Operating revenues include revenue generated from ongoing operating activities. Non-operating revenues include investing, financing and other non-recurring activities.

Income Taxes

The Alliance is a not-for-profit organization, exempt from federal income taxes under sections 501(c)(3) and is not a "private foundation" within the meaning of section 509(a)(2) of the Internal Revenue Code.

The Alliance has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements, according to FASB ASC 740-10. Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred. None of the Alliance's returns are currently under examination.

Cash and Cash Equivalents

The Alliance considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A component unit of Ulster County, New York)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

The cost of property and equipment is depreciated over the useful lives of the related assets using the straight-line method. The Alliance capitalizes fixed assets with an estimated useful life of greater than one year and a cost of greater than \$500.

Concentration of Credit and Market Risk

Financial instruments that potentially expose the Alliance to concentrations of credit and market risk consist primarily of cash and cash equivalents and loans receivable. Cash and cash equivalents are maintained at Federal Deposit Insurance Corporation (FDIC) insured financial institutions and credit exposure is limited to any one institution. To the extent FDIC insurance is not sufficient, the Alliance requires its bank to maintain pledged collateral.

Concentrations of credit risk with respect to notes receivables are limited due to the diverse industry backgrounds of its borrowers. Furthermore, management feels its borrower approval processes and regular review of provisions for loan losses, adequately provides for any material credit risks. Generally, sufficient collateral or a personal guarantee is obtained for all loans at the time of disbursement. Collateral is generally in the form of a mortgage on real property or a chattel lien on equipment title.

Loans and Allowance for Loan Losses

Loans are stated at their recorded investment, which is the amount of unpaid principal, reduced by an allowance for loan losses. Interest is calculated by using the simple interest method. Interest rates on loans range from 3% to 5%.

The allowance for loan losses reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. To determine the total allowance for loan losses, management estimates the reserves needed for each loan outstanding.

To determine the balance of the allowance account, loans are evaluated case by case and future losses are projected using historical experience adjusted for current economic and industry conditions. Management exercises significant judgment in determining the estimation method that fits the credit risk rating characteristics of each case. Management must use judgment in establishing additional input factors for estimating purposes. The assumptions used to determine the allowance are periodically reviewed by management to ensure that their theoretical foundation, assumptions, data integrity, computational processes, and reporting practices are appropriate and properly documented.

The establishment of the allowance for loan losses relies on a consistent process that requires management review and judgment and responds to changes in economic conditions, customer behavior, and collateral value, among other influences. From time to time, events or economic factors may affect the loan portfolio, causing management to provide additional amounts to, or release balances from, the allowance for loan losses.

Management monitors differences between estimated and actual incurred loan losses. This monitoring process includes periodic assessments by senior management of loan portfolios and the assumptions used to estimate incurred losses in these portfolios. Additions to the allowance for loan losses are made by charges to the provision for loan losses. Credit exposures deemed to be uncollectible are charged against the allowance for loan losses. Recoveries of previously charged off amounts are credited to the allowance for loan losses.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A component unit of Ulster County, New York)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Classifications

Net position is classified and displayed in three components:

1. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – consists of net position with constraints placed on its use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – consists of net position without constraints.

Interest Income on Loans

Interest on loans is accrued and credited to income based on the principal amount outstanding. The accrual of interest on loans is discontinued when, in accordance with adopted policies, there is an indication that the borrower may be unable to meet payments as they become due. Upon such discontinuance, all unpaid accrued interest is reversed.

Risks and Uncertainties

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic.

As the pandemic continues to endure, the disease could have a material adverse effect on the Alliance's activities, results of operations, financial condition and cash flow.

Subsequent Events

Ulster County and the Alliance entered into a contract in 2021 to administer a \$1 million grant from New York State, and funded by the federal CARES act. The Alliance will distribute grants up to \$35,000 to eligible small businesses to reimburse project costs. At December 31, 2021, no money was expended; however, 31 grants were awarded totaling \$960,383 and are expected to be completed in 2022. The contract runs from October 1, 2021 and ends on July 22, 2022.

Subsequent events have been evaluated through March 31, 2022, which is the date the financial statements were available to be issued.

NOTE 3 — CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents as included in the statement of net position at December 31, 2021:

<u>Bank</u>	<u>Book Balance</u>	<u>Bank Balance</u>	<u>FDIC Coverage</u>	<u>Pledged Collateral</u>
M&T	<u>\$ 1,232,151</u>	<u>\$ 1,232,151</u>	<u>\$ 500,000</u>	<u>\$ 758,866</u>

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A component unit of Ulster County, New York)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 3 — CASH AND CASH EQUIVALENTS (Continued)

The following is a summary of cash and cash equivalents as included in the statement of net position at December 31, 2020:

<u>Bank</u>	<u>Book Balance</u>	<u>Bank Balance</u>	<u>FDIC Coverage</u>	<u>Pledged Collateral</u>
M&T	\$ 899,282	\$ 899,557	\$ 500,000	\$ 407,549

At December 31, 2021 and 2020, deposits of the Alliance were fully covered by federal depository insurance (FDIC) and by collateral held by a Bank in the Alliance's name.

The following represents the cash balances at December 31, 2021 and 2020 by fund:

Fund:	<u>2021</u>	<u>2020</u>
Operating Fund	\$ 238,229	\$ 268,726
CDBG Loan Fund	727,258	363,939
Telecommunications Fund	199,162	199,127
Section 108	41,292	41,285
Revolving Loan Fund	26,210	26,205
Total	<u>\$ 1,232,151</u>	<u>\$ 899,282</u>

NOTE 4 — PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows as of December 31, 2021 and 2020:

	<u>Balance at 1/1/2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at 12/31/2021</u>
Equipment - grant related	\$ 352,485	\$ -	\$ -	\$ 352,485
Office equipment	59,025	-	-	59,025
	411,510	<u>\$ -</u>	<u>\$ -</u>	411,510
Accumulated depreciation	(411,510)			(411,510)
Total property and equipment	<u>\$ -</u>			<u>\$ -</u>

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A component unit of Ulster County, New York)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 4 — PROPERTY AND EQUIPMENT (Continued)

	Balance at 1/1/2020	Additions	Disposals	Balance at 12/31/2020
Equipment - grant related	\$ 352,485	\$ -	\$ -	\$ 352,485
Office equipment	59,025	-	-	59,025
	411,510	\$ -	\$ -	411,510
Accumulated depreciation	(411,510)			(411,510)
Total property and equipment	\$ -			\$ -

There was no depreciation expense during the years ended December 31, 2021 and 2020.

NOTE 5 — LOANS RECEIVABLE

During the year ended December 31, 2021, the Alliance did not disburse any new loans.

During the year ended December 31, 2020, the Alliance entered into one new loan agreement, Arrowood Farms, LLC. The agreement was made on November 20, 2020, for \$100,000. The loan is to be paid in monthly installments, beginning with interest-only payments for the first 12 months of approximately \$354 per month, then monthly principal and interest payments of approximately \$2,269 per month. These payment terms assume a 4.25% rate of interest, but will be adjusted each calendar quarter to align with the Prime Rate as published in the Wall Street Journal + 1.00%, with a floor of 4.25%, and no cap on the rate.

These loans are collateralized by equipment and personal guarantees of the owners, and the loans are subject to certain affirmative covenants related to job creation.

The total loan balance at December 31, 2021 and 2020 was comprised of 9 loans totaling \$467,555 and 10 loans totaling \$766,507, respectively. The loan balance at December 31, 2021 was comprised of 4 loans making up 89% of the loan balance and the loan balance at December 31, 2020 was comprised of 5 loans making up 79% of the loan balance.

A summary of changes to loan receivable balances for the year ended December 31, 2021 are as follows:

	Balance 1/1/21	New Loans	Payments	Balance 12/31/21	Balance due in one year
Bread Alone	\$ 195,092	\$ -	\$ 17,209	\$ 177,883	
Fruition Chocolate	70,851	-	15,020	55,831	
Yoga Vida, LLC	150,000	-	150,000	-	
The Farm Bridge	89,059	-	68,761	20,298	
GAMEX, LLC	35,839	-	15,485	20,354	
Organic Nectars	11,138	-	11,138	-	
Pika's Farm Table	76,447	-	13,592	62,855	
Costas and Tate Insurance Agency, Inc.	10,328	-	3,207	7,121	
Mad Batters Pastries, LLC	27,753	-	4,540	23,213	
Arrowood Farms, LLC	100,000	-	-	100,000	
	\$ 766,507	\$ -	\$ 298,952	\$ 467,555	\$ 115,552

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A component unit of Ulster County, New York)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 5 — LOANS RECEIVABLE (Continued)

The allowance for loan losses activity during the year ended December 31, 2021 and was as follows:

Balance, beginning of year	\$ 11,795
Provision	(25,379)
Write-offs	-
Recoveries	43,392
Balance, end of year	<u>\$ 29,808</u>

A summary of changes to loan receivable balances for the year ended December 31, 2020 are as follows:

	Balance 1/1/20	New Loans	Payments	Balance 12/31/20	Balance due in one year
Bread Alone	\$ 219,053	\$ -	\$ 23,961	\$ 195,092	
Fruition Chocolate	80,860	-	10,009	70,851	
Yoga Vida, LLC	150,000	-	-	150,000	
The Farm Bridge	104,580	-	15,521	89,059	
GAMEX, LLC	46,182	-	10,344	35,839	
Organic Nectars	18,319	-	7,181	11,138	
Pika's Farm Table	86,291	-	9,844	76,447	
Costas and Tate Insurance Agency, Inc.	12,936	-	2,608	10,328	
Mad Batters Pastries, LLC	31,701	-	3,948	27,753	
Arrowood Farms, LLC	-	100,000	-	100,000	
	<u>\$ 749,922</u>	<u>\$ 100,000</u>	<u>\$ 83,416</u>	<u>\$ 766,507</u>	<u>\$ 102,406</u>

The allowance for loan losses activity during the year ended December 31, 2020 and was as follows:

Balance, beginning of year	\$ 10,840
Provision	955
Write-offs	-
Recoveries	-
Balance, end of year	<u>\$ 11,795</u>

NOTE 6 — UNEARNED REVENUE

Unearned revenue represents prepaid loan interest and prepaid rent during the year ended December 31, 2021. Unearned revenue represents contributions received for the Ellenville Million project and prepaid loan interest during the year ended December 31, 2020.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A component unit of Ulster County, New York)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 6 — UNEARNED REVENUE (Continued)

The following is a summary of unearned revenue at December 31, 2021:

<u>Project</u>	<u>Balance 1/1/21</u>	<u>Receipts</u>	<u>Revenue earned</u>	<u>Balance 12/31/21</u>
Prepaid loan interest	\$ 1,249	\$ 25	\$ (1,249)	\$ 25
Prepaid rent	-	733	-	733
	<u>\$ 1,249</u>	<u>\$ 758</u>	<u>\$ (1,249)</u>	<u>\$ 758</u>

Ellenville Million Project

The Alliance entered into a contract with Ulster County in 2015 to administer the Ellenville Million project. The Ellenville Million project was established to provide funding to nine project areas recommended by the Ellenville Million Committee. The Alliance will enter into appropriate contractual relationships with all entities implementing projects and reimburse entities for appropriate expenses. The Alliance invoiced the County for 80% of funding upon the submission of a completed and approved project plan and required contracts. Upon the submission and approval of the Alliance's final report, the County provided the remaining 20% of funding.

The following is a summary of unearned revenue at December 31, 2020:

<u>Project</u>	<u>Balance 1/1/20</u>	<u>Receipts</u>	<u>Revenue earned</u>	<u>Balance 12/31/20</u>
Prepaid loan interest	\$ 108	\$ 1,249	\$ (108)	\$ 1,249
Ellenville Million Project	114,774	-	(114,774)	-
	<u>\$ 114,882</u>	<u>\$ 1,249</u>	<u>\$ (114,882)</u>	<u>\$ 1,249</u>

NOTE 7 — RELATED PARTIES

Ulster County Economic Development Alliance, Inc. does not have its own employees and recognizes no payroll expenses. Ulster County's finance department has assumed the accounting responsibilities and the County's Office of Economic Development has assumed the administration of the Alliance. Donated services have not been reflected in these financial statements.

The Alliance had a balance due from Ulster County as of December 31, 2021 and 2020 of \$28,500 and \$168,933, respectively. During the years ended December 31, 2021 and 2020, the Alliance did not pay rent to Ulster County.

The Ellenville Million Project as described in Note 6 is funded by a contract with Ulster County.

Real Property

TechCity West

In March 2021, Ulster County (the "County") legislature authorized the County to transfer the west side of the former IBM campus ("TechCity West") that had been acquired by foreclosure to the Alliance, so that the Alliance could market the properties for sale and manage the properties going forward.

The agreement indicates that any proceeds from the future sale of the TechCity West properties are to be remitted to Ulster County. The title to such property reverts back to Ulster County after ninety nine years. The underlying property is subject to certain asbestos remediation if future construction takes place and disturbs the currently encapsulated asbestos.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A component unit of Ulster County, New York)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 7 — RELATED PARTIES (Continued)

Real Property (Continued)

TechCity West (Continued)

Because of the relationship between Ulster County and the Alliance, this transfer of property is accounted for at the County's net book value of zero dollars. No liability has been recorded related to the future environmental obligation that could materialize or any obligation to remit the proceeds to Ulster County for a future sale.

In November 2021, Ulster County agreed to reimburse the Alliance for eligible costs related to property surveys, appraisals and legal counsel up to \$170,000 related to the development of the TechCity West properties through December 31, 2022. As of December 31, 2021, no amounts related to the contract have been recorded or incurred.

TechCity East

In July 2021, the County initiated in rem foreclosure proceedings on eighteen parcels located on the east side of the former IBM campus ("TechCity East") in the Town of Ulster. Those proceedings were halted when the owner contested the foreclosure, forcing the County to delay taking the property while it argued its case in Ulster County Court.

On December 1, 2021, Ulster County Court judge Bryan Rounds signed a settlement order that provided a roadmap for the former owner to cede the properties to the County. Once implemented, the settlement would result in the sale of the remaining TechCity East parcels to National Resources, a real estate company that specializes in turning around complicated former industrial sites, such as the former IBM campus in East Fishkill.

On December 2, 2021, the Ulster County Legislature set a public hearing on the transfer of the TechCity East parcels to the Alliance.

On December 21, 2021, the Ulster County Legislature authorized the County to transfer the TechCity East parcels to the Alliance, so that the Alliance could in turn sell the properties to National Resources/iPark87.

On December 21, 2021, the Board of Directors of the Alliance authorized the execution of a Purchase and Sale Agreement to sell the TechCity East properties to National Resources/iPark 87 and issued notice to the New York State Authorities Budget Office as required by law, providing that office with a 90-day opportunity to comment on the transaction.

On February 17, 2022, a final appraisal report for the subject East properties was completed by Hilco Real Estate Appraisal, LLC.

The final transaction to transfer title from the Authority to National Resources is expected to occur on or about April 15, 2022.

iPark 87 is required to make a \$250,000 escrow deposit to be used to reimburse the Alliance for eligible costs incurred, and an additional \$50,000 will be paid for administrative fees related to the closing on the project. Reimbursable costs primarily related to legal fees incurred by the Alliance for the year ended 2021 were \$135,325. The reimbursable amount expected to be satisfied from the escrow account was recorded as a receivable at December 31, 2021.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A component unit of Ulster County, New York)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 7 — RELATED PARTIES (Continued)

Real Property (Continued)

TechCity East (Continued)

When the Alliance sells the East properties the net proceeds will be transferred to Ulster County in accordance with the respective resolutions that granted the property to the Alliance. Because of the relationship between Ulster County and the Alliance, this transfer of property is accounted for at the County’s net book value of approximately \$5 million as an asset available for sale, and an associated liability due to the County, until closing of the sale is completed. If such a sale is not completed and a future sale does not materialize, the Alliance’s title to such property reverts back to the County after ninety-nine years. The underlying property is subject to certain environmental cleanup. The obligation to satisfy this clean up will transfer to the purchaser of the property and such cost was contemplated in the sales price.

Ulster 2040 Economic Development Strategy

In June 2021, Ulster County engaged the Alliance to perform certain services related to Ulster County’s 2040 Strategic Initiative for an amount not to exceed \$75,000. The contract originally expired on December 31, 2021, but is in the process of being extended through August 31, 2022. Expenses submitted to the County are subject to the County’s approval for payment. During the year ended December 31, 2021, \$28,500 of expenses were incurred and classified as contractual expense. A corresponding amount is included in a reimburseable due from Ulster County at December 31, 2021, along with related contract revenue.

NOTE 8 – LEASES

The Alliance leases space at the TechCity West location for purposes of storage to 5 tenants. Lease terms cover an annual basis and may be terminated by either party. Rental income for the year ended 2021 was \$14,234.

NOTE 9 — RESTRICTED NET POSITION

Restricted net position consists of the following at December 31, 2021 and 2020:

	2021	2020
Telecommunications Fund	\$ 199,127	\$ 199,127
Total Restricted Net Position	<u>\$ 199,127</u>	<u>\$ 199,127</u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ulster County Economic Development Alliance, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Ulster County Economic Development Alliance, Inc. as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Ulster County Economic Development Alliance, Inc.'s basic financial statements, and have issued our report thereon dated March 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ulster County Economic Development Alliance, Inc.'s internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ulster County Economic Development Alliance, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Ulster County Economic Development Alliance, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ulster County Economic Development Alliance, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, cursive font, followed by 'LLP' in a smaller, simpler font.

Kingston, New York
March 31, 2022

SUPPLEMENTARY INFORMATION

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A component unit of Ulster County, New York)
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
For the Year ended December 31, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Contract and administrative fees	\$ 14,800	\$ 165,232	\$ 150,432
Contributions	-	23,500	23,500
Interest on deposits	100	184	84
Interest income - loans	-	24,142	24,142
Educational events	3,000	-	(3,000)
Rental income	-	14,234	14,234
Miscellaneous income	-	499	499
Net asset appropriation	8,600	-	(8,600)
Total revenues	26,500	227,791	201,291
Expenditures:			
Contractual expense	-	44,000	(44,000)
Legal fees	-	142,736	(142,736)
Professional fees	18,000	10,861	7,139
Educational events	3,000	-	3,000
Insurance	5,000	2,781	2,219
Marketing and advertising	-	16,000	(16,000)
Office expense	500	14,353	(13,853)
Provision for loan losses	-	(25,379)	25,379
Total expenditures	26,500	205,352	(178,852)
Total revenues in deficiency of expenditures	\$ -	\$ 22,439	\$ 22,439