



PATTISON, KOSKEY, HOWE &amp; BUCCI

www.pkhbcpa.com

Richard P. Koskey, CPA  
 Ned Howe, CPA  
 A. Michael Bucci, CPA  
 Bradley Cummings, CPA, CVA  
 Suzanne E. Muldoon, CPA  
 Nancy K. Patzwahl, CPA  
 Matthew H. VanDerbeck, CPA  
 Gary F. Newkirk, CPA  
 N. Thérèse Wolfe, CPA  
 Mary A. Kimball, CPA

Reginald H. Pattison, CPA (1910-2002)  
 Jon Rath, CPA (Retired)

Jean Howe Lossi, EA  
 Carol LaMont Howe, EA  
 Dennis A. O'Brien, CPA

March \_\_, 2017

To the Audit Committee of  
 Ulster County Economic Development Alliance, Inc.  
 244 Fair Street  
 Kingston, New York 12402

We have audited the financial statements of Ulster County Economic Development Alliance, Inc. as of and for the year ended December 31, 2016, and have issued our report thereon dated March \_\_, 2017. Professional standards require that we advise you of the following matters relating to our audit.

#### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated January 16, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Ulster County Economic Development Alliance, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

#### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

#### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

502 Union Street  
 Hudson, NY 12534  
 Tel: 518-828-1565  
 Fax: 518-828-2672

45 Five Mile Woods Road, Ste 1  
 Catskill, NY 12414  
 Phone: 518-943-4502  
 Fax: 518-943-6532

2880 Route 9, Ste 2  
 Valatie, NY 12184  
 Tel: 518-758-6776  
 Fax: 518-758-6779

340 Main Street  
 Saugerties, NY 12477  
 Tel: 845-246-3803  
 Fax: 845-246-1035

465 Washington Ave.  
 Kingston, NY 12401  
 Tel: 845-331-5030  
 Fax: 845-331-0242

Non-attest services we performed included: 1) preparation of the Alliance's financial statements, 2) proposing audit adjustments, 3) review of the Alliance's annual PARIS report, and 4) preparation of the Alliance's Federal Form 990 and NYS CHAR 500. CJ Rioux, CPA was the management representative responsible for overseeing our non-attest services.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Ulster County Economic Development Alliance, Inc. is included in Note 2 to the financial statements. There has been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2016. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is the allowance for loan losses.

Management's estimate of the allowance for loan losses is based on an analysis of loan balances at year end taking into consideration the current outstanding balance, history of payments and strength of the borrower's financial operations. A specific reserve was calculated using this methodology. We evaluated the key factors and assumptions used to develop the allowance for loan losses and determined that it is reasonable in relation to the basic financial statements taken as a whole.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Ulster County Economic Development Alliance, Inc.'s financial statements relate to: loan loss, debt, unearned revenue, related parties, restricted net position, and commitments and contingencies.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. We proposed no audit adjustments during our audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no adjustments proposed by us.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Ulster County Economic Development Alliance, Inc.'s financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in a letter dated March \_\_, 2017.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with Ulster County Economic Development Alliance, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Ulster County Economic Development Alliance, Inc.'s auditors.

This report is intended solely for the information and use of the audit committee, board of directors, and management of Ulster County Economic Development Alliance, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

PATTISON, KOSKEY, HOWE AND BUCCI, CPAs, P.C.

This page intentionally left blank...

Ulster County Economic Development Alliance  
P.O. Box 1800, 244 Fair Street  
Kingston, NY 12402-1800  
Tel: 845.340.3556



## **2016 CORPORATION MISSION AND GOALS MEASUREMENT REPORT**

### **Name of Corporation:**

Ulster County Economic Development Alliance (UCEDA)

### **Corporation's Mission Statement:**

The Ulster County Economic Development Alliance (UCEDA) acts as the catalyst to promote Ulster County as the premier location to expand and grow business for the creation of wealth, to improve the quality of life and to foster strong, sustainable, diverse economic opportunities for Ulster County and its communities. The UCEDA works to achieve its mission by attracting, retaining, and growing businesses through technical and financial assistance (including administration of the revolving loan funds), marketing, facilitation of capacity building and infrastructure programs, and collaboration with community, regional, state, and municipal partners and leaders.

### **List of Performance Goals and Measurement of Progress in Meeting Goals**

#### **1. Support economic development in Ulster County.**

UCEDA renewed its 2015 marketing campaign to market Ulster County to tech entrepreneurs in NYC. In 2016, UCEDA expanded the campaign to include "weekenders and visitors," encouraging people who already know and love Ulster County to consider moving their business to the County. Through a separate contract, UCEDA began development in 2016 of a print-based Economic Development guide for Ulster County.

Under a contract with Ulster County, UCEDA also administered the Ellenville Million, an allocation of \$1M by Ulster County Executive Mike Hein to support economic development initiatives in the Ellenville/Wawarsing community. In 2016, UCEDA completed the following activities related to the Ellenville Million:

- Developed a "Parks and Recreation" plan to guide efforts to improve the community's parks and trails;
- Managed reimbursement for historic renovations of the Hunt Memorial Building;
- Launched a study to examine the feasibility of interconnection or consolidation of the two municipalities' sewer and water systems;
- Managed reimbursement to the Village of Ellenville for its façade improvement program;

- In partnership with Ulster County Tourism developed and implemented a marketing campaign targeted specifically at the Ellenville/Wawarsing community, which included development of print and web collateral.

Finally, UCEDA continued efforts to market surplus properties conveyed to it by Ulster County, including 300 Flatbush Avenue, 25 South Manor Avenue, and Linderman Avenue Extension. In 2016, UCEDA evaluated several purchase offers on the Flatbush and South Manor properties, and entered a contract for sale of the Flatbush property.

## 2. Increase visibility of, and support for, Ulster County economic development.

As part of its 2016 Marketing Campaign, UCEDA completed the following activities, which promoted the visibility and support for economic development:

- Sponsored the HV Tech Meetup, the annual CatskillConf, and the NY Tech Meetup;
- Launched a new tech entrepreneur attraction campaign that provided free tickets to Ulster County festivals for tech entrepreneurs;
- Developed online and print collateral for each of the two campaigns, including special-purpose landing pages, brochures/rack cards, and festival exhibits/displays;
- Staffed tables at seven leading festivals from August through October;
- Developed new promotional videos for campaign target audiences;
- Advertised campaign messages through print and online sources;
- A new web page was developed and launched in Summer 2016, coinciding with participation by UCEDA representatives at several festivals

In addition to these activities, UCEDA hosted or sponsored three “Building Ulster County Together” breakfast events, which drew more than 200 attendees and a three-part webinar training series for restaurant owners and managers. UCEDA also continued to promote its monthly “Featured Properties” to site selectors.

## 3. Administer Revolving Loan Funds

Throughout the year, UCEDA serviced 10 active loans as part of the Ulster County Revolving Loan Fund Program. Loan invoices were prepared and mailed to all active borrowers on a monthly basis. When necessary, UCEDA provided notifications in the event of late payments. Site visits were conducted for all active borrowers.

Ulster County Economic Development Alliance  
P.O. Box 1800, 244 Fair Street  
Kingston, NY 12402-1800  
Tel: 845.340.3556



## **INTERNAL CONTROL ASSESSMENT**

As of 12/31/16

- A. Define Major Business Functions
  - Support economic development in Ulster County
  - Administration of Revolving Loan Funds
- B. Determine the Risks Associated with Operations
  - Assess Risk Exposure
    - Economic Development Low
    - Administration of RLFs Moderate to High
  - Risks
    - Conflicts of Interest
    - Improper influence of project clients or involved officials on UCEDA
    - Improper influence of UCEDA on project clients or involved officials
    - Non-Repayment of Loans
    - Loss of Funding
    - Negligence in agency operations and program activities
- C. Internal Control Systems in Place
  - Mission Statement
  - Policies
  - Procedures
  - Board Oversight
- D. Assessment of the Effectiveness of Internal Controls
  - Board review of controller and administrative functions
  - Audit Committee meetings
  - Governance Committee meetings
  - Annual Reports
  - External audit
- E. Corrective Action
  - a. Plans developed when weakness is identified
  - b. Plans adopted by the board and monitored by management
  - c. Change in personnel
  - d. Change in policies and procedures

This page intentionally left blank...



Ulster County Economic Development Alliance  
P.O. Box 1800, 244 Fair Street  
Kingston, NY 12402-1800  
Tel: 845.340.3556



## **2016 INVESTMENT REPORT**

The Ulster County Economic Development Alliance had no investments to report in 2016.

---

Suzanne Holt, President & CEO

This page intentionally left blank...

Ulster County Economic Development Alliance  
P.O. Box 1800, 244 Fair Street  
Kingston, NY 12402-1800  
Tel: 845.340.3556



## **2016 REAL PROPERTY REPORT**

The Ulster County Economic Development Alliance acquired the following real property in 2016:

Address: 300 Flatbush Avenue, Kingston, NY 12401  
Property Description: Office Building  
Purchase Price: \$ -0-  
Estimated Fair Market Value: \$1,235,000  
Date of Acquisition: 06/10/2015

Address: Linderman Avenue Extension, Kingston, NY 12401  
Property Description: Vacant Lot/Undeveloped Land  
Purchase Price: \$ -0-  
Estimated Fair Market Value: \$ 50,000  
Date of Acquisition: 06/10/2015

Address: 25 South Manor Avenue, Kingston, NY 12401  
Property Description: Office Building  
Purchase Price: \$ -0-  
Estimated Fair Market Value: \$ 418,000  
Date of Acquisition: 12/09/2015

---

Suzanne Holt, President & CEO