FINANCIAL STATEMENTS

ORANGE COUNTY PARTNERSHIP, INC.

DECEMBER 31, 2019 AND 2018

ORANGE COUNTY PARTNERSHIP, INC.
DECEMBER 31, 2019 AND 2018

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Waschitz Pavloff
CPA • LLP
Members of American Institute of Certified Public Accountants and
New York State Society of Certified Public Accountants

Michael Waschitz, CPA
Andrew J. Pavloff, CPA, CGMA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Orange County Partnership, Inc.
Goshen, New York 10924

Report on the Financial Statements

We have audited the accompanying financial statements of Orange County Partnership, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

www.wpcpany.com • Phone (845) 794-2200
14 Sturgis Road, PO Box 871, Monticello, New York 12701 • Fax (845) 794-5628
Westgate Office Park, 3 Hatfield Lane, Suite 2C, Goshen, New York 10924 • Fax (845) 360-5352

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 Partnership, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Waschitz Pawloff CPA LLP

Monticello, New York

August 17, 2020

ORANGE COUNTY PARTNERSHIP, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31,

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	$ 538,510	$ 666,472
Accounts Receivable	-	425
Prepaid Expenses	4,190	5,184
Total Current Assets	542,700	672,081
PROPERTY AND EQUIPMENT		
Property and Equipment	63,790	63,790
Less: Accumulated Depreciation	34,771	33,358
Net Property and Equipment	29,019	30,432
Total Assets	$ 571,719	$ 702,513
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 38,693	$ 29,745
Total Current Liabilities	38,693	29,745
NET ASSETS		
Net Assets Without Donor Restrictions	533,026	672,768
Total Net Assets	533,026	672,768
Total Liabilities and Net Assets	$ 571,719	$ 702,513

ORANGE COUNTY PARTNERSHIP, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND OTHER SUPPORT		
Member Investments	$ 379,138	$ 399,100
Interest Income	1,755	1,397
Other Revenue	1,500	5,336
Event Income (Net of Expenses of $138,655 and $97,319)	300,939	340,423
Total Revenue and Other Support	683,332	746,256
EXPENSES		
Program Services	703,123	704,943
Management and General	119,951	123,583
Total Expenses	823,074	828,526
INCREASE (DECREASE) IN NET ASSETS	(139,742)	(82,270)
NET ASSETS AT BEGINNING OF YEAR	672,768	755,038
NET ASSETS AT END OF YEAR	$ 533,026	$ 672,768

ORANGE COUNTY PARTNERSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL EXPENSES
EXPENSES			
Salaries	$ 469,361	$ 56,275	$ 525,636
Employee Benefits	41,152	4,934	46,086
Payroll Taxes	32,485	3,895	36,380
Professional Fees	38,260	25,053	63,313
Contract Labor	9,800	-	9,800
Advertising and Promotion	2,485	828	3,313
Office Expense	17,053	5,685	22,738
Occupancy	26,224	8,741	34,965
Auto	14,438	2,548	16,986
Travel	5,544	978	6,522
Conferences and Meetings	7,620	2,538	10,158
Insurance	3,501	1,168	4,669
Business Development	12,890	-	12,890
Telephone	9,591	3,197	12,788
Repairs and Maintenance	10,997	3,666	14,663
Bad Debt Expense	385	-	385
Dues and Subscriptions	277	92	369
Depreciation	1,060	353	1,413
TOTAL EXPENSES	$ 703,123	$ 119,951	$ 823,074

ORANGE COUNTY PARTNERSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL EXPENSES
EXPENSES			
Salaries	$ 460,146	$ 57,477	$ 517,623
Employee Benefits	41,688	5,207	46,895
Payroll Taxes	33,380	4,169	37,549
Professional Fees	34,944	23,648	58,592
Contract Labor	10,360	-	10,360
Advertising and Promotion	13,261	4,420	17,681
Office Expense	14,009	4,670	18,679
Occupancy	25,693	8,563	34,256
Auto	13,096	2,311	15,407
Travel	6,154	1,085	7,239
Conferences and Meetings	10,681	3,558	14,239
Insurance	5,410	1,804	7,214
Business Development	16,110	-	16,110
Telephone	9,321	3,107	12,428
Repairs and Maintenance	8,360	2,787	11,147
Dues and Subscriptions	674	225	899
Depreciation	1,656	552	2,208
TOTAL EXPENSES	$ 704,943	$ 123,583	$ 828,526

ORANGE COUNTY PARTNERSHIP, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (139,742)	$ (82,270)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,413	2,208
Decrease (Increase) in Operating Assets		
Accounts Receivable	425	130,749
Prepaid Expenses	994	(1,148)
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Liabilities	8,948	(5,068)
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	(127,962)	44,471
NET INCREASE (DECREASE) IN CASH	(127,962)	44,471
CASH AT BEGINNING OF YEAR	666,472	622,001
CASH AT END OF YEAR	$ 538,510	$ 666,472

Operating Activities reflect no interest paid or income tax paid during 2019 or 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Orange County Partnership, Inc. ("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 Partnership, Inc. was incorporated in 1985 and operates as a non-profit organization. The Partnership provides development opportunities to businesses interested in Orange County, New York. The Partnership works with economic development professionals, commercial real estate brokers, developers, site selection firms and regional and statewide economic development agencies to find the most advantageous and cost-effective locations for corporate attractions and expansions. From site selection assistance, financing options, and employment training to marketing, the Partnership is a resource for economic development support.

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, 2019 and 2018, 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, 2019, the Partnership's federal and state informational tax exempt filings generally remained open for the last three years.

Revenue Recognition

In 2019, Orange County Partnership, Inc. adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* with no impact to opening net assets. When the Partnership enters into a contract with a customer, it believes it is probable that it will collect substantially all of the consideration to which it will be entitled in exchange for the services that will be transferred to the participant. As a normal business practice, Orange County Partnership, Inc. does not enter into contracts that require more than one year to complete. Additionally, Orange County Partnership, Inc. utilized certain exceptions allowed under Topic 606, including not assessing whether promised services are performance obligations if they are immaterial in the context of the contract with the customer and not disclosing the value of unsatisfied performance obligations for contracts with an original estimated length of time to convert of one year or less.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 two classes of net assets: Net Assets without Donor Restrictions and Net Assets with Donor Restrictions. A description of the two net asset categories follows:

> Net Assets without Donor Restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting for the nature of the Partnership, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into the course of its operations.
>
> Net Assets with Donor Restrictions – Net assets with Donor Restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. The Organization's unspent contributions are classified in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cost Allocation

The cost of providing the Partnership's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on estimates of time and effort.
- Occupancy and depreciation are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Partnership.

Sources of Support

The Partnership generates support from investors and sponsors 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. No donated goods or services were provided for the years ended December 31, 2019 and 2018.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Prepaid Expenses

Prepaid expenses primarily consist of prepaid insurance and a prepaid car lease that is amortized over the life of the lease.

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, 2019 and 2018 amounted to $1,413 and $2,208, 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. There was no deferred revenue at December 31, 2019 and 2018.

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, 2019 and 2018 were $3,313 and $17,681, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Change in Accounting Principles

Orange County Partnership, Inc. adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The standard replaces previous revenue recognition standards and expands the disclosure requirements for revenue arrangements. The guidance may be adopted either retrospectively or on a modified retrospective basis for new contracts and existing contracts with remaining performance obligations as of the effective date. Orange County Partnership, Inc. adopted this ASU applying the modified retrospective transition method; accordingly, prior periods have not been adjusted to conform to the new guidance. There was determined to be no cumulative effect to opening net assets after applying the new guidance to all contracts with customers that were not completed as of January 1, 2019. The adoption is not expected to have a material impact on future financial results, as the adoption did not change the recognition pattern for the Organization's existing revenue streams.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2019	2018
Office Equipment	$19,343	$19,343
Leasehold Improvements	44,447	44,447
	63,790	63,790
Less: Accumulated Depreciation	34,771	33,358
Net Property and Equipment	$29,019	$30,432

NOTE 3 - CONCENTRATION OF RISK

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, 2019, there were no uninsured balances. At December 31, 2018, the Partnership's aggregate bank balances collateralized as follows:

Uncollateralized	$159,925
Insured by the FDIC	545,814

NOTE 4 - LIQUIDITY

The Partnership has $538,510 of financial assets available within one year of the balance sheet date consisting of cash of $538,510. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

NOTE 5 - LEASES

The Partnership entered into a lease agreement for office equipment in June 2019 for a term of 39 months with monthly payments of $509. Equipment lease expense for the years ended December 31, 2019 and 2018 was $6,255 and $5,836, respectively. Additional payments represent periodic usage charges over the parameters set forth in the contract.

The Partnership entered into a lease agreement for a vehicle in May 2018 for a term of 36 months with monthly payments of $689. Vehicle lease expense for the years ended December 31, 2019 and 2018 was $8,270 and $7,468, respectively.

The Partnership leases office space in Goshen, New York and entered into a 60 month lease agreement in September 2013. This lease was renewed in September 2018 for an additional 60 months. Occupancy expense related to this lease for the years ended December 31, 2019 and 2018 was $34,965 and $34,256, respectively.

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

2020	$ 49,343
2021	44,617
2022	40,491
2023	23,940
	$158,391

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% of the participants' compensation. Pension contributions for the years ended December 31, 2019 and 2018 amounted to $26,319 and $27,134, respectively.

NOTE 7 - SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated closings and the banning of large gatherings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the Partnership expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

These financial statements have evaluated the subsequent events through August 17, 2020, the date which the financial statements were available to be issued.