

**DUTCHESS COUNTY
ECONOMIC
DEVELOPMENT
CORPORATION**

*INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION*

FOR THE YEAR ENDED DECEMBER 31, 2011

**VAN NORSTRAND & HOOLIHAN, CPA'S, P.C.
CERTIFIED PUBLIC ACCOUNTANTS**

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION
INDEPENDENT AUDITOR'S REPORT
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FOR THE YEAR ENDED DECEMBER 31, 2011**

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**To the Board of Directors
Dutchess County Economic Development Corporation
3 Neptune Road
Poughkeepsie, New York 12601**

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of the Dutchess County Economic Development Corporation (a non-profit corporation) as of December 31, 2011, and the related statements of activities, expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Dutchess County Economic Development Corporation as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Rhinebeck, New York
May 2, 2012**

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	<u>Economic Development</u>	<u>Dutchess County Tourism</u>	<u>External Marketing Council</u>	<u>Tourism Matching Funds</u>	<u>Revolving Loan Programs</u>	<u>Workforce Housing Coalition</u>	<u>All Funds 2011</u>
ASSETS:							
Current Assets:							
Cash	\$ 112,106	142,922	3,343	45	264,525		522,941
Accounts receivable	10,927	95	9,100				20,122
Prepaid expenses	3,390	10,829					14,219
Loan receivable					46,652		46,652
Due from other funds	<u>31,777</u>						<u>31,777</u>
Total current assets	<u>158,200</u>	<u>153,846</u>	<u>12,443</u>	<u>45</u>	<u>311,177</u>		<u>635,711</u>
Furniture and							
Equipment, at cost	69,208	64,659	1,356			873	136,096
Less: accumulated depreciation	<u>66,995</u>	<u>61,886</u>	<u>1,356</u>			<u>873</u>	<u>131,110</u>
	<u>2,213</u>	<u>2,773</u>					<u>4,986</u>
Total Assets	\$ <u>160,413</u>	<u>156,619</u>	<u>12,443</u>	<u>45</u>	<u>311,177</u>		<u>640,697</u>

See accompanying notes and independent auditor's report.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION, (Continued)
DECEMBER 31, 2011

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	<u>Economic Development</u>	<u>Dutchess County Tourism</u>	<u>External Marketing Council</u>	<u>Tourism Matching Funds</u>	<u>Revolving Loan Programs</u>	<u>Workforce Housing Coalition</u>	<u>All Funds 2011</u>
LIABILITIES AND							
NET ASSETS:							
Current Liabilities:							
Accounts payable	\$ 12,957	3,093	613				16,663
Due to other fund			31,777				31,777
Deferred income	4,105	10,182					14,287
Benefits withheld	651						651
Accrued expenses	<u>2,808</u>	<u>2,810</u>					<u>5,618</u>
Total current liabilities	<u>20,521</u>	<u>16,085</u>	<u>32,390</u>	—	—	—	<u>68,996</u>
Long Term Liabilities:							
Revolving loan funds					<u>311,146</u>		<u>311,146</u>
Total long term liabilities	—	—	—	—	<u>311,146</u>	—	<u>311,146</u>
Net Assets:							
Unrestricted	139,892	140,534					280,426
Temporarily restricted			<u>(19,947)</u>	<u>45</u>	<u>31</u>		<u>(19,871)</u>
Total net assets	<u>139,892</u>	<u>140,534</u>	<u>(19,947)</u>	<u>45</u>	<u>31</u>		<u>260,555</u>
Total Liabilities and Net Assets	\$ <u>160,413</u>	<u>156,619</u>	<u>12,443</u>	<u>45</u>	<u>311,177</u>	—	<u>640,697</u>

See accompanying notes and independent auditor's report.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	<u>Economic Development</u>	<u>Dutchess County Tourism</u>	<u>External Marketing Council</u>	<u>Tourism Matching Funds</u>	<u>Revolving Loan Programs</u>	<u>Workforce Housing Coalition</u>	<u>All Funds 2011</u>
SUPPORT AND REVENUES:							
Public and Private Support:							
Dues and contributions	\$ 97,642	39,035	76,453				213,130
Dues and contributions – in kind	14,330						14,330
Grants - Dutchess County	215,000	494,369		55,303			764,672
Grants - NYS Department of Economic Development				55,303			55,303
Grant – Dyson Foundation	1,630						1,630
Grant – Dyson Foundation	10,000						10,000
Grant – Greenway		1,366					1,366
Grant – USDA rural business		7,710					7,710
Farm fresh tours contribution		14,642					14,642
Non-cash contributions		30,609					30,609
Dutchess County Industrial Development Agency	<u>151,110</u>		<u>76,453</u>				<u>227,563</u>
Total public and private support	<u>489,712</u>	<u>587,730</u>	<u>152,906</u>	<u>110,606</u>	_____	_____	<u>1,340,954</u>
Revenues:							
Professional admin contracts	1,675						1,675
Other revenues	877	500					1,377
Investment income	<u>365</u>	<u>119</u>	<u>1</u>	<u>15</u>	_____	<u>134</u>	<u>634</u>
Total revenues	<u>2,917</u>	<u>619</u>	<u>1</u>	<u>15</u>	_____	<u>134</u>	<u>3,686</u>
SUPPORT AND REVENUES							
(CARRIED FORWARD)	\$ <u>492,629</u>	<u>588,350</u>	<u>152,907</u>	<u>110,621</u>	_____	<u>134</u>	<u>1,344,641</u>

See accompanying notes and independent auditor's report.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES, (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	<u>Economic Development</u>	<u>Dutchess County Tourism</u>	<u>External Marketing Council</u>	<u>Tourism Matching Funds</u>	<u>Revolving Loan Programs</u>	<u>Workforce Housing Coalition</u>	<u>All Funds 2011</u>
SUPPORT AND REVENUES							
(BROUGHT FORWARD)	\$ 492,629	588,350	152,907	110,621		134	1,344,641
Net assets released from restrictions							
Restrictions satisfied by payments	<u>383,527</u>	_____	<u>(189,770)</u>	<u>(110,606)</u>	_____	<u>(83,151)</u>	_____
Total Support and Revenues	<u>876,156</u>	<u>588,350</u>	<u>(36,863)</u>	<u>15</u>	_____	<u>(83,017)</u>	<u>1,344,641</u>
EXPENSES:							
Program services	617,721	369,136					986,857
Supporting services:							
Management and general	323,518	88,072					411,590
Fundraising	<u>25,460</u>	<u>115,595</u>					<u>141,055</u>
Total expenses	<u>966,699</u>	<u>572,803</u>	_____	_____	_____	_____	<u>1,539,501</u>
INC(DEC)REASE IN ASSETS	(90,543)	15,547	(36,863)	15		(83,017)	(194,860)
NET ASSETS – BEG. OF YEAR	<u>230,435</u>	<u>124,987</u>	<u>16,915</u>	<u>30</u>	<u>31</u>	<u>83,017</u>	<u>455,415</u>
NET ASSETS – END OF YEAR	\$ <u>139,892</u>	<u>140,534</u>	<u>(19,947)</u>	<u>45</u>	<u>31</u>	_____	<u>260,555</u>

See accompanying notes and independent auditor's report.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	<u>Economic Development</u>	<u>Dutchess County Tourism</u>	<u>External Marketing Council</u>	<u>Tourism Matching Funds</u>	<u>Revolving Loan Programs</u>	<u>Workforce Housing Coalition</u>	<u>All Funds 2011</u>
Salaries	\$ 310,405	238,110	113,762				662,277
Payroll taxes	29,660	22,532	10,518				62,710
Employee benefits	<u>63,189</u>	<u>50,634</u>	<u>20,177</u>				<u>13,4000</u>
Total payroll expenses	403,254	311,276	144,457				858,987
Administrative fees						14	14
Advertising/Online advertising		74,143	300	98,183			172,626
Automobile expense	7,980	2,599					10,579
Board committee expense	1,505						1,505
Brochure distribution				3,295			3,295
Computer consulting	2,176	3,783	1,425				7,384
Depreciation	2,577	1,980					4,557
Dues and subscriptions	2,373	2,885	683				5,941
Dyson Foundation education expense	1,630						1,630
Education and training	1,125	610					1,735
Equipment operating leases	2,462	4,376					6,838
Grants to sub-recipients	31,110					83,137	114,247
Insurance	9,658	9,674	2,273				21,605
Marketing expense	41,233		20,000				61,233
Marketing expense – non cash		30,610					30,610
Subtotal of Expenses (CARRIED FORWARD)	\$ <u>507,083</u>	<u>441,936</u>	<u>169,138</u>	<u>101,478</u>	<u> </u>	<u>83,151</u>	<u>1,302,786</u>

See accompanying notes and independent auditor's report.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF EXPENSES, (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	<u>Economic</u>	<u>Dutchess</u>	<u>External</u>	<u>Tourism</u>	<u>Revolving</u>	<u>Workforce</u>	<u>All</u>
	<u>Development</u>	<u>County</u>	<u>Marketing</u>	<u>Matching</u>	<u>Loan</u>	<u>Housing</u>	<u>Funds</u>
		<u>Tourism</u>	<u>Council</u>	<u>Funds</u>	<u>Programs</u>	<u>Coalition</u>	<u>2011</u>
Subtotal of Expenses (BROUGHT FORWARD)	\$ 507,083	441,936	169,138	101,478		83,151	1,302,786
Miscellaneous expense	310	450	2,172				2,932
Bad debt expense	625						625
USDA rural business grant		7,710					7,710
Farm fresh tours		14,642					14,642
Strategic business model	9,962						9,962
Regional matching funds				9,128			9,128
Occupancy	30,798	30,798	9,354				70,950
Office expense	2,149	2,396	796				5,341
Printing	627	1,926					2,553
Postage	1,109	11,923	600				13,632
Professional fees	9,999	34,318	2,356				46,673
Telephone	5,215	6,668	1,511				13,394
Trade shows		5,370					5,370
Travel and meeting expenses	15,295	14,666	3,843				33,804
Total Expenses	\$ <u>583,172</u>	<u>572,803</u>	<u>189,770</u>	<u>110,606</u>	<u> </u>	<u>83,151</u>	<u>1,539,502</u>

See accompanying notes and independent auditor's report.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	<u>Economic</u>	<u>Dutchess</u>	<u>External</u>	<u>Tourism</u>	<u>Revolving</u>	<u>Workforce</u>	<u>All</u>
	<u>Development</u>	<u>County</u>	<u>Marketing</u>	<u>Matching</u>	<u>Loan</u>	<u>Housing</u>	<u>Funds</u>
		<u>Tourism</u>	<u>Council</u>	<u>Funds</u>	<u>Programs</u>	<u>Coalition</u>	<u>2011</u>
CASH FLOWS FROM							
OPERATING ACTIVITIES							
Increase (decrease) in net assets	\$ (90,543)	15,547	(36,863)	15		(83,017)	(194,860)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:							
Adjustments:							
Depreciation	2,577	1,980					4,557
(Increase) or Decrease:							
Accounts receivable	19,656	14,242	4,645				38,543
Prepaid expenses	(2,243)	(8,033)					(10,276)
Increase or (Decrease):							
Accounts payable	5,290	(147)	28				5,171
Deferred income	(1,630)	8,117					6,487
Due to other funds	(7,196)		7,196				
Benefits withheld	(709)						(709)
Accrued expenses	<u>(2,921)</u>	<u>(228)</u>	_____	_____	_____	_____	<u>(3,149)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(77,719)</u>	<u>31,478</u>	<u>(24,993)</u>	<u>15</u>	<u>_____</u>	<u>(83,017)</u>	<u>(154,236)</u>

See accompanying notes and independent auditor's report.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	Economic <u>Development</u>	Dutchess County <u>Tourism</u>	External Marketing <u>Council</u>	Tourism Matching <u>Funds</u>	Revolving Loan <u>Programs</u>	Workforce Housing <u>Coalition</u>	All Funds <u>2011</u>
CASH FLOWS FROM FINANCING ACTIVITIES							
Loans receivable					10,289		10,289
Restricted RLF funds					<u>3,466</u>		<u>3,466</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES					<u>13,755</u>		<u>13,755</u>
NET (DE)INCREASE CASH	(77,719)	31,478	(24,993)	15	13,755	(83,017)	(140,481)
CASH AT BEGINNING OF YEAR	<u>189,825</u>	<u>111,444</u>	<u>28,336</u>	<u>30</u>	<u>250,770</u>	<u>83,017</u>	<u>663,422</u>
CASH AT END OF YEAR \$	<u>112,106</u>	<u>142,922</u>	<u>3,343</u>	<u>45</u>	<u>264,525</u>	<u> </u>	<u>522,941</u>

See accompanying notes and independent auditor's report.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) **Background** - Dutchess County Economic Development Corporation (DCEDC) is a private, not-for-profit economic development corporation. It is a partnership between the private and public sectors, and funded by various sources including Dutchess County, New York State, private and corporate donations, and fees for its services. Since its organization in 1978, DCEDC's goal is to create and retain new employment opportunities by attracting new businesses to the county, supporting new and established businesses, and promoting county tourism.

(b) **Basis of Presentation** - DCEDC reports in accordance with the Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the organization is required to present a statement of cash flows. Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the funds. When the purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The following funds are used:

(1) **Unrestricted Funds** - These funds consist of the general operations of the Economic Development and Dutchess County Tourism (DCT) and represent the portion of expendable funds that are available for support of DCEDC operations or have been set aside by board designation.

(2) **Temporarily Restricted Funds** - Included in these funds is the program entitled External Marketing Council. This program has designated as its purposes 1) raising substantial donations from the private sector; 2) using these funds for extensive marketing campaigns. These funds also are used to account for grant and private contributions restricted for the tourism and revolving loans programs and separate projects. The separate project includes the Workforce Housing Coalition.

(c) **Basis of Accounting** - The Corporation records revenue and expenses based on the accrual method of accounting.

See independent auditor's report.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED DECEMBER 31, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(d) **Furniture and Equipment** - Fixed assets are recorded at cost or estimated fair market value at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Depreciation expense charged to the total operations for the year ended December 31, 2011 was \$4,557.

(e) **Statement of Cash Flows** - For purposes of the statement of cash flows, cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

(f) **Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) **Advertising Costs** - All advertising costs for the company are expensed as incurred. The total for the year ended December 31, 2011 is \$233,859.

FURNITURE AND EQUIPMENT

A summary of furniture and equipment at December 31, 2011 are as follows:

	Beginning <u>of Year</u>	2011 <u>Additions</u>	2011 <u>Disposals</u>	End of <u>Year</u>
EDC - equipment	\$ 69,208			69,208
WHC - equipment	873			873
DCT - equipment	64,659			64,659
EMC- equipment	<u>1,356</u>			<u>1,356</u>
	\$ <u>136,096</u>			<u>136,096</u>

See independent auditor's report.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED DECEMBER 31, 2011

REVOLVING LOAN PROGRAM

DCEDC administers the Community Revolving Loan Fund Program (IDA-RLF). The Dutchess County IDA funds this program. Loans were available for working capital and fixed asset projects and businesses had to meet a variety of eligibility requirements. The Dutchess County IDA funded this program in the total amount of \$300,000. Loans are available to create a program to encourage small businesses to adopt energy efficiencies such as upgrading and improvements that will reduce energy consumption or utilize alternative energy.

In 2009, one loan was issued, a \$75,000 promissory note payable in 7 years in February 2016, with a 3.25% interest rate. As of December 31, 2011, the loans receivable amount has been reduced to \$46,652.

All interest income and application fees income received have been added to the revolving loan principle and is returnable to DCIDA in future.

PROFESSIONAL ADMINISTRATIVE CONTRACTS

During the years ended December 31, 2011, DCEDC received administration fees from various sources.

The Poughkeepsie/Dutchess Economic Development Zone is officially dissolved in 2011. The remaining balance in the amount of \$1,661 has been transferred to EDC as Administrative fees.

Workforce Housing Coalition program is closed. The remaining balance in the amount of \$14 has been transferred to EDC as Administrative fees.

See independent auditor's report.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED DECEMBER 31, 2011

EMPLOYEE BENEFIT PROGRAMS

DCEDC administers a flexible spending benefit package to all full time employees whereby the employees each receive \$12,400 in 2011 annually to go towards family health and dental insurance coverage and/or a tax shelter 403(b) retirement plan. Management level employees with written contracts may have a different taxable benefit package.

GRANTS

Dutchess County awarded Dutchess County Tourism a grant of \$55,303 in 2011. The New York State Department of Economic Development Division of Tourism awarded the DCEDC Tourism a \$55,303 matching grant for year 2011.

Total grant monies received for the fiscal year ended December 31, 2011 were \$110,606. Total fund expenses were for the following items:

		<u>2011</u>
Advertising	\$	98,183
Brochure Distribution		3,295
Regional Matching Funds		<u>9,128</u>
	\$	<u>110,606</u>

External Marketing Council received a grant from the DCIDA for the purpose of maintaining an extensive marketing program. The grant is to match all private contributions received for this purpose up to \$115,000. As of December 31, 2011, \$76,453 was awarded. Private contributions received from outside sources totaled \$76,453 during 2011.

EDC received \$31,110 during 2011 from the DCIDA for the Trade Show Grants. The objective of this fund is to encourage job retention and creation. During 2011, all of these funds were granted to sub-recipients.

See independent auditor's report.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED DECEMBER 31, 2011

GRANTS, Continued

Dutchess County Economic Development Corporation, including DCT received in total the following contracts for operations.

Dutchess County	\$ <u>764,672</u>
DCIDA	\$ <u>120,000</u>

EDC was awarded a \$12,500 grant from the Dyson Foundation during 2006. Its purpose is to further public education and increase outreach to county legislatures and officials. As of December 31, 2011 \$8,395 was expended leaving \$4,105 as deferred income to 2012.

On July 22, 2004, EDC signed an agreement with The Dyson Foundation. A grant of \$277,900 was awarded by the Dyson Foundation for the Workforce Housing Coalition over three-year period from July 1, 2004 through July 1, 2007. The remaining unused amount of this grant in the amount of \$83,017 was granted to sub-recipients in 2011 as determined by the Dyson Foundation and agreed to by the Planning Department of Dutchess County.

EDC received a \$27,290 USDA Rural Business Grant in 2010. The total grant is \$35,000 and the proposed grant funds will be used to lease a bus/shuttle to provide transportation options for visitors to access farms and agri-tourism attractions throughout Dutchess County. The \$7,710 remaining fund has been received and used to pay for the cost of the bus rentals in September and October 2011.

EDC received a \$1,366 Greenway grant from the Hudson River Valley National Heritage Area in 2011. The total grant is \$5,000 and the purpose of this grant is to provide funding for a Hudson Valley experimental tours brochure and thumb drive promotion. The \$3,633 was received and used in year 2010. The remaining \$1,366 grant has been received and used in 2011.

EDC received a \$10,000 from the Dyson Foundation for the purpose of developing a future strategy for EDC. The grant is used and paid to the New York Council of Nonprofits, Inc. for the project in the year 2011.

See independent auditor's report.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED DECEMBER 31, 2011

TEMPORARILY RESTRICTED FUNDS

All temporarily restricted remaining funds have been either designated by donors or by grant restrictions to be used the following fiscal year for the purpose by which the original funds were intended. The following is a list of temporarily restricted fund balances as of December 31, 2011:

<u>Fund</u>	<u>Purpose</u>	<u>2011</u>
External Marketing Council	Marketing attraction	\$ (19,947)
Tourism Matching Funds	Promotion programs	45
Revolving Loan Program	Loan purposes	<u>31</u>
		\$ <u>(19,871)</u>

OCCUPANCY

DCEDC reduced space rental to 4,366 square feet. The rent includes all utilities and taxes. Following an extensive competitive analysis of the rental market, DCEDC committed to a renewal term of three years ending February 28, 2013. Rent paid to landlord during 2011 was \$70,950.

RELATED PARTY TRANSACTIONS

The Dutchess County Industrial Development Agency (DCIDA) provided DCEDC with various contract grants. Any money given is decided upon annually by the Board of Directors of each agency. There are various individuals who serve on the Board of Directors of both agencies. Various governmental officials of the County of Dutchess, which provide DCEDC with funding, also sit on the DCEDC Board of Directors.

All members of the board of directors and of any standing committee must fill out and sign an annual conflict of interest questionnaire.

See independent auditor's report.

**DUTCHESS COUNTY ECONOMIC
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED DECEMBER 31, 2011

OPERATING LEASES

As of December 31, 2010, DCEDC had the following operating leases in effect. A Ford Motor Credit lease of a 2008 Mercury Sable started on June 27th, 2008. This lease is for 38 months at \$431.12 per month. This lease is ended on August 27, 2011.

DCEDC has a US Bank lease of a 2008 Saturn Aura XE that started on September 11th, 2008. This lease is for 38 months at \$410.46 per month. This lease is ended on November 11, 2011.

DCEDC has Ally auto lease of a 2011 Buick Regal that started on September 16, 2011. This lease is for 39 months at \$384.21 per month. Total lease payments owed as of December 31, 2011 are \$13,447.35.

DCEDC has a new copier lease with Ikon financial which is a 4 year lease started on December 1, 2010. The monthly lease payment is \$250.88. Total lease payments owed as of December 31, 2011 are \$8,780.

DCEDC has a postage meter & scale lease with Pitney Bowes. The new lease is a 51 months lease started on June 30, 2008. The monthly lease payment is \$319.00. Total lease payments owed as of December 31, 2011 are \$2,871.

CONCENTRATION OF CREDIT RISK

DCEDC had cash balances in excess of the insurance protection limits provided by the FDIC program, which is \$250,000 effective until 12/31/2012 at each banking institution. The following is a summary of bank balances over the limit as of December 31, 2011:

		<u>2011</u>
TD Bank North	\$	417,724
HSBC Bank USA	\$	90,489
M&T Bank	\$	3,403

See independent auditor's report.

**DUTCHESS COUNTY ECONOMIC
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YEAR ENDED DECEMBER 31, 2011

CONTRIBUTED SERVICES

DCT has received contributed products for tourism promotion totaling \$30,609 during 2011. These amounts have been recorded as non cash contribution income and marketing expenses.

DCEDC also received contributed services valued at approximately \$77,896 from volunteers during 2011. Inasmuch that contributed services were not specialty skills or contribution of non-financial assets, these amounts have not been recorded as revenue or offsetting expense.

See independent auditor's report.