

*ULSTER COUNTY CAPITAL
RESOURCE CORPORATION,
A COMPONENT UNIT OF THE
COUNTY OF ULSTER*

FINANCIAL STATEMENTS

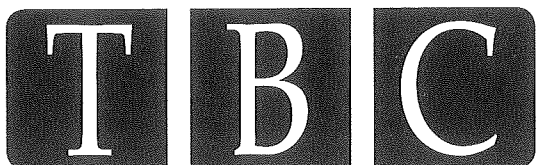
DECEMBER 31, 2011

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SUPPLEMENTAL INFORMATION

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*



Teal, Becker & Chiaramonte, CPAs, P.C. ♦ Est. 1971

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"A Higher Standard of Excellence"

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The Chairman and Board of Directors
Ulster County Capital Resource Corporation,
a Component Unit of the County of Ulster
Kingston, New York

Independent Auditors' Report

We have audited the accompanying statements of financial position of the Ulster County Capital Resource Corporation, a Component Unit of the County of Ulster (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the period from inception May 11, 2010 to December 31, 2010 and for the year ended December 31, 2011. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ulster County Capital Resource Corporation, a Component Unit of the County of Ulster as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the initial period ended December 31, 2010 and for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated March 26, 2012, on our consideration of the Organization'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's financial statements as a whole. The accompanying Management's Discussion and Analysis and Annual Report are presented for the purpose of additional analysis and are not a required part of the financial statements. The accompanying Management's Discussion and Analysis and Annual Report on pages 2 through 4 and pages 11 thru 37 have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on this information.

Teal Becker & Chiaramonte CPAs P.C.

Albany, New York
March 26, 2012

2011 ANNUAL REPORT – MANAGEMENT’S DISCUSSION AND ANALYSIS

Introduction

Our discussion and analysis of Ulster County Capital Resource Corporation’s (the Organization) financial performance provides an overview of the Organization’s financial activities for the fiscal year ended December 31, 2011. Please read it in conjunction with the Organization’s financial statements that follows this discussion and analysis. Ulster County Capital Resource Corporation is a non-profit corporation which operates in Ulster County, New York. The Organization is 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 Organization.

Financial Highlights

The Organization’s net assets have decreased by \$58,310, or 72.4% as a result of operations in 2011.

In 2011, revenues decreased \$88,000 from the end of 2010, or 78.2%.

In 2011, expenses increased \$50,795 from the end of 2010, or 158.7%.

Organization Highlights

The Organization closed on one new project during the year ended December 31, 2011. The County of Ulster should benefit by the retention of ten (10) jobs this project will provide, as well as five (5) construction jobs.

Using This Annual Report

This Annual Report consists primarily of the Statements of Financial Position, Statements of Activities, and the Statements of Cash Flows, which provide information about the activities of the Organization 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 organizations. 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 Organization’s net assets and changes in net assets. One way to measure the Organization’s financial position is to look at the net assets – the difference between assets and liabilities.

UCCRC

Ulster County Capital Resource Corporation

Condensed Comparative Financial Statements and Analysis

The Organization's net assets at the end of 2011 were \$22,175 a decrease of \$58,310 from \$80,485 in 2010. Our analysis below focuses on net assets (Table 1) and the changes in net assets (Table 2).

Table 1 – Net Assets

| | <u>2011</u> | <u>2010</u> |
|--------------------------------|-------------|-------------|
| Current Assets | \$22,175 | \$112,485 |
| Current Liabilities | \$ - | \$ 32,000 |
| Unrestricted Net Assets | \$22,175 | \$ 80,485 |
| Total Net Assets | \$22,175 | \$ 80,485 |

Current Assets: Cash totals at the end of 2011 were \$22,035 versus \$112,485 at the end of 2010. The decrease in cash was primarily from the payment of the prior year payable and a new grant to the Ulster County Industrial Development Agency. Accounts receivable at the end of 2011 was \$140 versus \$-0- at the end of 2010.

Current Liabilities: This year there were no outstanding payables compared to last year's \$32,000.

Table 2 – Changes in Net Assets

| | <u>2011</u> | <u>2010</u> |
|-----------------------------|-------------------|------------------|
| <u>Revenues:</u> | | |
| Application Fees | \$ 500 | \$ 500 |
| Administration Fees | <u>24,000</u> | <u>112,000</u> |
| Total Revenues | 24,500 | 112,500 |
| <u>Expenses:</u> | | |
| Total Expenses | <u>82,810</u> | <u>32,015</u> |
| Change In Net Assets | <u>\$(58,310)</u> | <u>\$ 80,485</u> |

The Organization's revenues in 2011 were \$24,500 versus \$112,500 in 2010. Expenses in 2011 were \$82,810 versus \$32,015 in 2010. The revenue decrease in 2011 from 2010 was caused by a larger project closing in 2010. The expenses were increased in 2011 predominantly due to a \$75,000 grant given out.

UCCRC

Ulster County Capital Resource Corporation

Economic Factors and Next Year's Budget

One of the most important questions asked about the Organization's finances is, "Are the financials transparent and accurate". The financial records are a matter of public record under the Freedom of Information Law and are therefore transparent. In addition, the Organization's new website provides extensive access into the Organization's budget, board of directors, and policies. The main economic factor considered when creating the 2012 budget was to budget revenue based on a mid-sized project closing. The 2012 budget has no draw on prior year's cash.

Contacting UCIDA Financial Administrator

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Organization's finances and to show the Organization's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ulster County Industrial Development Agency, 5 Development Court, Kingston, New York 12401.

**ULSTER COUNTY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE COUNTY OF ULSTER**

Statements Of Financial Position

December 31

| | <u>2011</u> | <u>2010</u> |
|--|-------------------------|--------------------------|
| <u>Assets</u> | | |
| Current assets: | | |
| Cash | \$ 22,035 | \$ 112,485 |
| Accounts receivable | <u>140</u> | <u>-</u> |
| Total Assets | <u>\$ 22,175</u> | <u>\$ 112,485</u> |
| <u>Liabilities And Net Assets</u> | | |
| Current liabilities: | | |
| Due to related party (Note 3) | <u>\$ -</u> | <u>\$ 32,000</u> |
| Total liabilities | <u>-</u> | <u>32,000</u> |
| Net assets: | | |
| Unrestricted | <u>22,175</u> | <u>80,485</u> |
| Total net assets | <u>22,175</u> | <u>80,485</u> |
| Total Liabilities And Net Assets | <u>\$ 22,175</u> | <u>\$ 112,485</u> |

The accompanying notes are an integral part of these financial statements

**ULSTER COUNTY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE COUNTY OF ULSTER**

Statements Of Activities

December 31

| | <u>2011</u> | <u>2010</u> |
|---|------------------|------------------|
| Changes in unrestricted net assets: | | |
| Revenues: | | |
| Fees | \$ 24,500 | \$ 112,500 |
| | | |
| Total revenues | <u>24,500</u> | <u>112,500</u> |
| Operating expenses: | | |
| Grant expense (Note 3) | 75,000 | - |
| Professional fees | 4,679 | - |
| Office expense | 3,131 | 15 |
| Administrative fees (Note 3) | <u>-</u> | <u>32,000</u> |
| | | |
| Total operating expenses | <u>82,810</u> | <u>32,015</u> |
| Increase (decrease) in unrestricted net assets | (58,310) | 80,485 |
| Net assets - beginning | <u>80,485</u> | <u>-</u> |
| Net Assets - Ending | <u>\$ 22,175</u> | <u>\$ 80,485</u> |

The accompanying notes are an integral part of these financial statements

**ULSTER COUNTY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE COUNTY OF ULSTER**

Statements Of Cash Flows

December 31

| | <u>2011</u> | <u>2010</u> |
|--|------------------|-------------------|
| Operating activities: | | |
| Increase (decrease) in unrestricted net assets | \$ (58,310) | \$ 80,485 |
| Adjustments to reconcile increase (decrease) in unrestricted net assets to net cash flows from (for) operating activities: | | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (140) | - |
| Due to related party | <u>(32,000)</u> | <u>32,000</u> |
| Net cash flows from (for) operating activities | <u>(90,450)</u> | <u>112,485</u> |
| Net increase (decrease) in cash | (90,450) | 112,485 |
| Cash - beginning | <u>112,485</u> | <u>-</u> |
| Cash - Ending | <u>\$ 22,035</u> | <u>\$ 112,485</u> |

The accompanying notes are an integral part of these financial statements

**ULSTER COUNTY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE COUNTY OF ULSTER**

Notes To Financial Statements

Note 1: Summary Of Significant Accounting Policies

Background information - The Ulster County Capital Resource Corporation, a Component Unit of the County of Ulster (the Organization) was formed on May 11, 2010, pursuant to Sections 402 and 1411 of the Not-For-Profit Corporation Laws of the State of New York. The Organization promotes community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of the County of Ulster by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses, and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects.

Additionally, the Organization's purpose is to undertake projects and activities within the County of Ulster for the purpose of relieving and reducing unemployment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the County of Ulster by attracting new industry to the County or by encouraging the development of, or retention of, an industry in the County, and lessening the burdens of government and acting in the public interest. The directors of the Organization are appointed by the County of Ulster's legislature. Organization directors have complete responsibility for management of the Organization and accountability for fiscal matters.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed or contractual stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Depreciation - The Organization capitalizes fixed assets with an estimated useful life of greater than one year and a cost of greater than \$1,000.

**ULSTER COUNTY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE COUNTY OF ULSTER**

Notes To Financial Statements

Note 1: Summary Of Significant Accounting Policies (Continued)

Revenue bonds - The Organization may issue revenue bonds. The bonds are special obligations of the Organization payable solely from revenue derived from the leasing, sale, or other disposition of a project. As explained more fully in Note 2, there is no liability to the Organization; therefore, the obligations are not accounted for in the accounts of the Organization.

Income taxes - The Organization is exempt from federal income taxes under the Internal Revenue Code. Tax positions are evaluated and recognized in the financial statements when it is more-likely-than-not that the position will be sustained upon examination by tax authorities.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the 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 Organization periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary.

Presentation - Certain reclassifications, when applicable, are made to the prior year financial statement presentation to correspond to the current year's format. Reclassifications, when made, have no effect on total net assets or increase in net assets.

Note 2: Revenue Bond Transactions

Revenue bonds issued by the Organization are secured by property which is leased to private companies. The debt is retired by the lease payments. The bonds are not obligations of the Organization or New York State, and the Organization does not record related activity in its accounts. The Organization acts merely as a financing conduit. For providing this service, the Organization receives an administrative fee. Such administrative fee income is recognized immediately upon issuance of bonds. Revenue bonds outstanding as of December 31, 2011 total \$14,891,174.

**ULSTER COUNTY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE COUNTY OF ULSTER**

Notes To Financial Statements

Note 3: Related Party Transactions

The Organization is administered by the Ulster County Development Corporation (UCDC). The UCDC also administers the funds of the Ulster County Industrial Development Agency, a Component Unit of the County of Ulster (UCIDA). As the administrator, UCDC shall receive on an equal basis all fees paid for the calendar year to UCCRC once the total of UCCRC and UCIDA fees for the calendar year in question exceed \$170,000. After that \$170,000 threshold has been reached, each party will receive 50% of the administrative fees paid to the UCCRC. At December 31, 2011 and 2010, the amounts due to the UCDC for administrative fees were \$-0- and \$32,000, respectively.

The Organization approved a one-time grant to the UCIDA in the amount of \$75,000 during the current year.

Note 4: Concentrations Of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash in financial institutions. Accounts at each institution are insured up to Federal Deposit Insurance Corporation limits.

Note 5: Commitments And Contingencies

The Organization follows the guidance for uncertainty in income taxes. As of December 31, 2011, the Organization believes that it has appropriate support for the income tax positions taken and to be taken on its returns based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. The Organization has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits. The Organization is currently subject to federal, state, or local tax examination by the tax authorities from the initial period ending December 31, 2010.

Note 6: Subsequent Events

Subsequent events have been evaluated through March 26, 2012, which is the date the financial statements were available to be issued.

Governance Information (Authority-Related)

| Question | Response | URL (if applicable) |
|--|----------|---------------------------------------|
| 1. Has the Authority prepared its annual report on operations and accomplishments for the reporting period as required by section 2800 of PAL? | Yes | www.ulstercountycrc.com |
| 2. As required by section 2800(9) of PAL, did the Authority prepare an assessment of the effectiveness of its internal controls? | Yes | www.ulstercountycrc.com |
| 3. Has the lead audit partner for the independent audit firm changed in the last five years in accordance with section 2802(4) of PAL? | Yes | N/A |
| 4. Does the independent auditor provide non-audit services to the Authority? | No | N/A |
| 5. Does the Authority have an organization chart? | No | |
| 6. Are any Authority staff also employed by another government agency? | Yes | Ulster County Development Corporation |
| 7. Has the Authority posted their mission statement to their website? | Yes | www.ulstercountycrc.com |
| 8. Has the Authority's mission statement been revised and adopted during the reporting period? | Yes | N/A |
| 9. Attach the Authority's measurement report, as required by section 2824-a of PAL and provide the URL. | | www.ulstercountycrc.com |

Governance Information (Board-Related)

| Question | Response | URL |
|---|----------|-------------------------|
| 1. Has the Board established a Governance Committee in accordance with Section 2824(7) of PAL? | Yes | N/A |
| 2. Has the Board established an Audit Committee in accordance with Section 2824(4) of PAL? | Yes | N/A |
| 3. Has the Board established Finance Committee in accordance with Section 2824(8) of PAL? | Yes | N/A |
| 4. Provide a URL link where a list of Board committees can be found (including the name of the committee and the date established): | | www.ulstercountycrc.com |
| 5. Does the majority of the Board meet the independence requirements of Section 2825(2) of PAL? | Yes | N/A |
| 6. Provide a URL link to the minutes of the Board and committee meetings held during the covered fiscal year | | www.ulstercountycrc.com |
| 7. Has the Board adopted bylaws and made them available to Board members and staff? | Yes | www.ulstercountycrc.com |
| 8. Has the Board adopted a code of ethics for Board members and staff? | Yes | www.ulstercountycrc.com |
| 9. Does the Board review and monitor the Authority's implementation of financial and management controls? | Yes | N/A |
| 10. Does the Board execute direct oversight of the CEO and management in accordance with Section 2824(1) of PAL? | Yes | N/A |
| 11. Has the Board adopted policies for the following in accordance with Section 2824(1) of PAL? | | |
| Salary and Compensation | Yes | N/A |
| Time and Attendance | No | N/A |
| Whistleblower Protection | Yes | N/A |
| Defense and Indemnification of Board Members | Yes | N/A |
| 12. Has the Board adopted a policy prohibiting the extension of credit to Board members and staff in accordance with Section 2824(5) of PAL? | Yes | N/A |
| 13. Are the Authority's Board members, officers, and staff required to submit financial disclosure forms in accordance with Section 2825(3) of PAL? | Yes | N/A |
| 14. Was a performance evaluation of the board completed? | Yes | N/A |
| 15. Was compensation paid by the Authority made in accordance with employee or union contracts? | No | N/A |
| 16. Has the board adopted a conditional/additional compensation policy governing all employees? | No | |

Board of Directors Listing

| Name | Kinnin, Robert | Name | Horodyski, Mike |
|---|-----------------------|---|-----------------------|
| Chair of Board | No | Chair of Board | No |
| If yes, Chair designated By. | | If yes, Chair designated By. | |
| Term Start Date | 01/01/2011 | Term Start Date | 01/01/2011 |
| Term Expiration Date | Pleasure of Authority | Term Expiration Date | Pleasure of Authority |
| Title | | Title | |
| Has the Board member appointed a designee? | | Has the Board member appointed a designee? | |
| Ex-officio | No | Ex-officio | No |
| Nominated By | Local | Nominated By | Local |
| Appointed By | Local | Appointed By | Local |
| Confirmed by Senate? | | Confirmed by Senate? | |
| Has the Board member/designee signed the acknowledgement of fiduciary duty? | Yes | Has the Board member/designee signed the acknowledgement of fiduciary duty? | Yes |
| Complied with training requirement of Section 2824? | Yes | Complied with training requirement of Section 2824? | No |
| Does the Board member/designee also hold an elected or appointed State gove | No | Does the Board member/designee also hold an elected or appointed State gove | No |
| Does the Board member/designee also hold an elected or appointed municipal government position? | No | Does the Board member/designee also hold an elected or appointed municipal government position? | No |

Board of Directors Listing

| Name | Malcolm, James | O'Halloran, David |
|---|-----------------------|-----------------------|
| Chair of Board | No | Yes |
| If Yes, Chair designated By. | | Elected by Board |
| Term Start Date | 05/12/2010 | 05/12/2010 |
| Term Expiration Date | Pleasure of Authority | Pleasure of Authority |
| Title | | |
| Has the Board member appointed a designee? | | |
| Ex-officio | No | No |
| Nominated By | Local | Local |
| Appointed By | Local | Local |
| Confirmed by Senate? | | |
| Has the Board member/designee signed the acknowledgement of fiduciary duty? | Yes | Yes |
| Complied with training requirement of Section 2824? | Yes | Yes |
| Does the Board member/designee also hold an elected or appointed State gove | No | No |
| Does the Board member/designee also hold an elected or appointed municipal government position? | No | No |

| Board of Directors Listing | | Name | Perfit, Steve |
|---|-----------------------|---|-----------------------|
| Name | Colucci, Paul | Chair of Board | No |
| Chair of Board | No | If yes, Chair designated By. | |
| If yes, Chair designated By. | | Term Start Date | 05/12/2010 |
| Term Start Date | 01/01/2011 | Term Expiration Date | Pleasure of Authority |
| Term Expiration Date | Pleasure of Authority | Title | |
| Title | | Has the Board member appointed a designee? | |
| Has the Board member appointed a designee? | | Ex-officio | No |
| Ex-officio | No | Nominated By | Local |
| Nominated By | Local | Appointed By | Local |
| Appointed By | Local | Confirmed by Senate? | |
| Confirmed by Senate? | | Has the Board member/designee signed the acknowledgement of fiduciary duty? | Yes |
| Has the Board member/designee signed the acknowledgement of fiduciary duty? | Yes | Complied with training requirement of Section 2824? | Yes |
| Complied with training requirement of Section 2824? | Yes | Does the Board member/designee also hold an elected or appointed State gove | No |
| Does the Board member/designee also hold an elected or appointed State gove | No | Does the Board member/designee also hold an elected or appointed municipal government position? | No |
| Does the Board member/designee also hold an elected or appointed municipal government position? | No | | |

Board of Directors Listing

| | |
|---|-----------------------|
| Name | Morrow, John |
| Chair of Board | No |
| If Yes, Chair designated By. | |
| Term Start Date | 05/12/2010 |
| Term Expiration Date | Pleasure of Authority |
| Title | |
| Has the Board member appointed a designee? | |
| Ex-officio | No |
| Nominated By | Local |
| Appointed By | Local |
| Confirmed by Senate? | |
| Has the Board member/designee signed the acknowledgement of fiduciary duty? | Yes |
| Complied with training requirement of Section 2824? | Yes |
| Does the Board member/designee also hold an elected or appointed State gove | No |
| Does the Board member/designee also hold an elected or appointed municipal government position? | No |

Annual Report for Ulster County Capital Resource Corporation
 Fiscal Year Ending: 12/31/2011

Run Date: 03/29/2012
 Status: CERTIFIED

Staff Listing

| Name | Title | Group | Department / Subsidiary | Union Name | Bargaining Unit | Full Time/ Part Time | Exempt Base | Annualized Salary | Actual salary paid to the Individual | Over time paid by Authority | Performance Bonus | Extra Pay | Other Compensation/Allowances/Adjustments | Total Compensation | Individual also paid by another entity to perform the work of the Authority | If yes, Is the payment made by a State or local government |
|-----------------|-------|--------------|-------------------------|------------|-----------------|----------------------|-------------|-------------------|--------------------------------------|-----------------------------|-------------------|-----------|---|--------------------|---|--|
| Fadelici, Lisa | CFO | Professional | | | | PT | No | 50,731.00 | 51,178 | 98 | 0 | 0 | 8,500 | 59,776 | Yes | No |
| Matteson, Lance | CEO | Executive | | | | FT | Yes | 115,850.00 | 115,850 | 0 | 0 | 0 | 12,111 | 127,961 | Yes | No |

Benefit Information

During the fiscal year, did the Authority continue to pay for any of the above mentioned benefits for

No

Board Members

| Name | Title | Severance Package | Payment for Unused Leave | Club Memberships | Use of Corporate Credit Cards | Personal Loans | Auto Registration | Housing Allowance | Spousal / Dependent Life Insurance | Tuition Assistance | Multi-Year Employment | None of These Benefits | Other |
|-------------------|--------------------|-------------------|--------------------------|------------------|-------------------------------|----------------|-------------------|-------------------|------------------------------------|--------------------|-----------------------|------------------------|-------|
| Morrow, John | Board of Directors | | | | | | | | | | | X | |
| Perfit, Steve | Board of Directors | | | | | | | | | | | X | |
| Colucci, Paul | Board of Directors | | | | | | | | | | | X | |
| Kinnin, Robert | Board of Directors | | | | | | | | | | | X | |
| Malcolm, James | Board of Directors | | | | | | | | | | | X | |
| Horodyski, Mike | Board of Directors | | | | | | | | | | | X | |
| O'Halloran, David | Board of Directors | | | | | | | | | | | X | |

Staff

| Name | Title | Severance Package | Payment for Unused Leave | Club Memberships | Use of Corporate Credit Cards | Personal Loans | Auto Registration | Housing Allowance | Spousal / Dependent Life Insurance | Tuition Assistance | Multi-Year Employment | None of These Benefits | Other |
|-----------------|-------|-------------------|--------------------------|------------------|-------------------------------|----------------|-------------------|-------------------|------------------------------------|--------------------|-----------------------|------------------------|-------|
| Matteson, Lance | CEO | | | | | | | | | | | X | |

Annual Report for Ulster County Capital Resource Corporation

Fiscal Year Ending: 12/31/2011

Run Date: 03/29/2012

Status: CERTIFIED

Subsidiary/Component Unit Verification

Is the list of subsidiaries, as assembled by the Office of the State Comptroller, correct? Yes

Are there other subsidiaries or component units of the Authority that are active, not included in the PARIS reports submitted by this Aut No

| Name of Subsidiary/Component Unit | Status | Requested Changes |
|-----------------------------------|--------|-------------------|
| | | |

Subsidiary/Component Unit Creation

| Name of Subsidiary/Component Unit | Establishment Date | Entity Purpose |
|-----------------------------------|--------------------|----------------|
| | | |

Subsidiary/Component Unit Termination

| Name of Subsidiary/Component Unit | Termination Date | Termination Reason | Proof of Termination |
|-----------------------------------|------------------|--------------------|----------------------|
| | | | |

No Data has been entered by the Authority for this section in PARIS

Summary Financial Information

SUMMARY STATEMENT OF NET ASSETS

| | |
|--|-----------------|
| <u>Assets</u> | |
| Current Assets | |
| Cash and cash equivalents | \$22,035 |
| Investments | \$0 |
| Receivables, net | \$140 |
| Other assets | \$0 |
| Total Current Assets | \$22,175 |
| Noncurrent Assets | |
| Restricted cash and investments | \$0 |
| Long-term receivables, net | \$0 |
| Other assets | \$0 |
| Capital Assets | |
| Land and other nondepreciable property | \$0 |
| Buildings and equipment | \$0 |
| Infrastructure | \$0 |
| Accumulated depreciation | \$0 |
| Net Capital Assets | \$0 |
| Total Noncurrent Assets | \$0 |
| Total Assets | \$22,175 |

Summary Financial Information

SUMMARY STATEMENT OF NET ASSETS

Liabilities

Current Liabilities

| | |
|---|------------|
| Accounts payable | \$0 |
| Pension contribution payable | \$0 |
| Other post-employment benefits | \$0 |
| Accrued liabilities | \$0 |
| Deferred revenues | \$0 |
| Bonds and notes payable | \$0 |
| Other long-term obligations due within one year | \$0 |
| Total Current Liabilities | \$0 |

Noncurrent Liabilities

| | |
|-------------------------------------|------------|
| Pension contribution payable | \$0 |
| Other post-employment benefits | \$0 |
| Bonds and notes payable | \$0 |
| Long Term Leases | \$0 |
| Other long-term obligations | \$0 |
| Total Noncurrent Liabilities | \$0 |

Total Liabilities

Net Asset (Deficit)

Net Asset

| | |
|---|-----------------|
| Invested in capital assets, net of related debt | \$0 |
| Restricted | \$0 |
| Unrestricted | \$22,175 |
| Total Net Assets | \$22,175 |

Summary Financial Information

SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

| | |
|-----------------------------------|-----------------|
| <u>Operating Revenues</u> | |
| Charges for services | \$24,500 |
| Rental & financing income | \$0 |
| Other operating revenues | \$0 |
| Total Operating Revenue | \$24,500 |
| <u>Operating Expenses</u> | |
| Salaries and wages | \$0 |
| Other employee benefits | \$0 |
| Professional services contracts | \$4,679 |
| Supplies and materials | \$3,131 |
| Depreciation & amortization | \$0 |
| Other operating expenses | \$0 |
| Total Operating Expenses | \$7,810 |
| Operating Income (Loss) | \$16,690 |
| <u>Nonoperating Revenues</u> | |
| Investment earnings | \$0 |
| State subsidies/grants | \$0 |
| Federal subsidies/grants | \$0 |
| Municipal subsidies/grants | \$0 |
| Public authority subsidies | \$0 |
| Other nonoperating revenues | \$0 |
| Total Nonoperating Revenue | \$0 |

Summary Financial Information

SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

| | |
|--|-------------------|
| <u>Nonoperating Expenses</u> | |
| Interest and other financing charges | \$0 |
| Subsidies to other public authorities | \$0 |
| Grants and donations | \$75,000 |
| Other nonoperating expenses | \$0 |
| Total Nonoperating Expenses | \$75,000 |
| Income (Loss) Before Contributions | (\$58,310) |
| Capital Contributions | \$0 |
| Change in net assets | (\$58,310) |
| Net assets (deficit) beginning of year | \$80,485 |
| Other net assets changes | \$0 |
| Net assets (deficit) at end of year | \$22,175 |



Annual Report for Ulster County Capital Resource Corporation

Fiscal Year Ending: 12/31/2011

Run Date: 03/29/2012

Status: CERTIFIED

Current Debt

| Question | Response |
|---|----------|
| 1. Did the Authority have any outstanding debt, including conduit debt, at any point during the reporting period? | Yes |
| 2. If yes, has the Authority issued any debt during the reporting period? | Yes |

New Debt Issuances List by Type of Debt and Program

Type Of Debt: Conduit Debt

Program:

| Project | Amounts | CUSIP Number | Bond Closing Date | Taxable Status | Issue Process | True Interest Cost | Interest Type | Term | Cost of Issuance (\$) | PACB Project | URL |
|------------------------------|--|--------------|-------------------|----------------|---------------|--------------------|---------------|------|-----------------------|--------------|-----|
| Center for Spectrum Services | Refunding 0.00 New 2,400,000.00 Total 2,400,000.00 | | 10/18/2011 | | Negotiated | 4.81 | Variable | 25 | 44,755.00 | | |

Schedule of Authority Debt

| Type of Debt | Statutory Authorization (\$) | Outstanding Start of Fiscal Year (\$) | New Debt Issuances (\$) | Debt Retired (\$) | Outstanding End of Fiscal Year (\$) |
|--|------------------------------|---------------------------------------|-------------------------|-------------------|-------------------------------------|
| State Obligation | | | | | |
| State Guaranteed | | | | | |
| State Supported | | | | | |
| State Contingent Obligation | | | | | |
| State Moral Obligation | | | | | |
| Other State Funded | | | | | |
| Authority Obligation | | | | | |
| General Obligation | | | | | |
| Revenue | | | | | |
| Other Non-State Funded | | | | | |
| Conduit | | | | | |
| Conduit Debt | 0.00 | 12,500,000.00 | 2,400,000.00 | 8,826.00 | 14,891,174.00 |
| Conduit Debt - Pilot Increment Financing | | | | | |

Annual Report for Ulster County Capital Resource Corporation
Fiscal Year Ending: 12/31/2011

Run Date: 03/29/2012
Status: CERTIFIED

Real Property Acquisition/Disposal List

This Authority has indicated that it had no real property acquisitions or disposals during the reporting period.

Annual Report for Ulster County Capital Resource Corporation
Fiscal Year Ending: 12/31/2011

Run Date: 03/29/2012
Status: CERTIFIED

Personal Property

This Authority has indicated that it had no personal property disposals during the reporting period.

Property Documents

| Question | Response | URL (if applicable) |
|--|----------|-------------------------|
| 1. In accordance with Section 2896(3) of PAL, the Authority is required to prepare a report at least annually of all real property of the Authority. Has this report been prepared? | Yes | www.ulstercountycrc.com |
| 2. Has the Authority prepared policies, procedures, or guidelines regarding the use, awarding, monitoring, and reporting of contracts for the acquisition and disposal of property? | Yes | www.ulstercountycrc.com |
| 3. In accordance with Section 2896(1) of PAL, has the Authority named a contracting officer who shall be responsible for the Authority's compliance with and enforcement of such guidelines? | Yes | |

Grant Information

1. Source of Grant Funds: Other
Name of Grant Recipient: Ulster County Industrial Development Agency
Address Line1: 5 Development Court
Address Line2:
City: KINGSTON
State: NY
Zip - Plus4: 12401
Province/Region:
Country: USA
Amount of Grant Award Provided
During Reporting Year: \$75,000
Date Grant Awarded: 12/20/2011
Purpose of Grant: Marketing and Business Recruitment

Was the grant expected to result

in new jobs being created? No

If yes, how many jobs were planned

to be created?

If yes, how many jobs have been

created to date?

Annual Report for Ulster County Capital Resource Corporation
Fiscal Year Ending: 12/31/2011

Run Date: 03/29/2012
Status: CERTIFIED

Loan Information

This Authority has indicated that it did not award any loans during the reporting period.

Bond Information

| | |
|--|---|
| <p>1. Name of Recipient of Bond Proceeds: Center for Spectrum Services Address Line1: 70 Kukuk Lane Address Line2: City: KINGSTON State: NY Zip - Plus4: 12401 Province/Region: Country: USA Amount of Bonds Issued: \$2,400,000.00 Date Bonds Issued: 10/18/2011 Bond Interest Rate: 0 Last Year Bonds Expected to be Retired: 2021 Amount of Bond Principal retired during the reporting year: \$8,826 Amt of Bond Principal retired prior to reporting year: \$0 Current Amount of Bonds Outstanding: \$2,391,174 Purpose of project requiring the Bond Issuance: Commercial Property Construction/Acquisition/Revitalization/Improvement</p> | <p>2. Name of Recipient of Bond Proceeds: Kingston Hospital Address Line1: 396 Broadway Address Line2: City: KINGSTON State: NY Zip - Plus4: 12401 Province/Region: Country: USA Amount of Bonds Issued: \$12,500,000.00 Date Bonds Issued: 12/08/2010 Bond Interest Rate: 4.52 Last Year Bonds Expected to be Retired: 2025 Amount of Bond Principal retired during the reporting year: \$0 Amt of Bond Principal retired prior to reporting year: \$0 Current Amount of Bonds Outstanding: \$12,500,000 Purpose of project requiring the Bond Issuance: Equipment and Fixed Asset Acquisition</p> |
| <p>Was the bond issuance expected to result in new jobs being created? No If yes, how many jobs were planned to be created? If yes, how many jobs have been created to date? Have the bonds been fully retired? No</p> | <p>Was the bond issuance expected to result in new jobs being created? No If yes, how many jobs were planned to be created? If yes, how many jobs have been created to date? Have the bonds been fully retired? No</p> |

Additional Comments:

Investment Information:

| Question | Response | URL (if applicable) |
|--|----------|-------------------------|
| 1. Has the Authority prepared an Annual Investment Report for the reporting period as required by Section 2925(6) of PAL? | Yes | www.ulstercountycrc.com |
| 2. Are the Authority's investment guidelines reviewed and approved annually? | Yes | |
| 3. Did the Authority have an independent audit of investments as required by Section 2925(3) (f) of PAL? | No | |
| 4. Has the Authority's independent auditor issued a management letter to the Authority in connection with its annual audit of investments? | No | |

Additional Comments:

Procurement-Information:

| Question | Response | URL (if applicable) |
|--|----------|-------------------------|
| 1. Does the Authority have procurement guidelines? | Yes | www.ulstercountycrc.com |
| 2. Are the procurement guidelines reviewed annually, amended if needed, and approved by the Board? | Yes | |
| 3. Does the Authority allow for exceptions to the procurement guidelines? | Yes | |
| 4. Does the Authority assign credit cards to employees for travel and/or business purchases? | No | |
| 5. Does the Authority require prospective bidders to sign a non-collusion agreement? | No | |
| 6. Does the Authority incorporate a summary of its procurement policies and prohibitions in its solicitation of proposals, bid documents or specifications for procurement contracts?. | No | |
| 7. Did the Authority designate a person or persons to serve as the authorized contact on a specific procurement, in accordance with Section 139-j(2)(a) of the State Finance Law, "The Procurement Lobbying Act"? | No | |
| 8. Did the Authority determine that a vendor had impermissible contact during a procurement or attempted to influence the procurement during the reporting period, in accordance with Section 139-j(10) of the State Finance Law? | No | |
| 8a If Yes, was a record made of this impermissible contact? | | |
| 9. Does the Authority have a process to review and investigate allegations of impermissible contact during a procurement, and to impose sanctions in instances where violations have occurred, in accordance with Section 139-j(9) of the State Finance Law? | No | |

Procurement Report for Ulster County Capital Resource Corporation

Run Date: 03/29/2012

Fiscal Year Ending: 12/31/2011

Status: CERTIFIED

Procurement Transactions Listing:

This Authority has indicated that it has no Procurement Transactions for the reporting period.

Procurement Report for Ulster County Capital Resource Corporation

Run Date: 03/29/2012

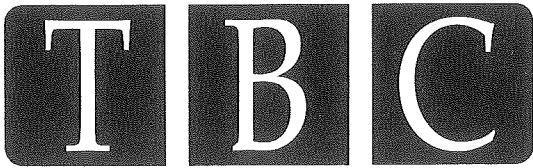
Fiscal Year Ending: 12/31/2011

Status: CERTIFIED

Procurement Transactions Listing:

Additional Comments:

SUPPLEMENTAL INFORMATION



**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**

The Chairman and Board of Directors
Ulster County Capital Resource Corporation,
a Component Unit of the County of Ulster

We have audited the financial statements of the Ulster County Capital Resource Corporation, a Component Unit of the County of Ulster (the Organization) (a nonprofit organization), as of and for the year ended December 31, 2011, and have issued our report thereon dated March 26, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 determination of financial statement amounts. 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*.

This report is intended solely for the information and use of management, others within the Organization, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Teal Beecher & Charamonte, CPAs P.C.

Albany, New York
March 26, 2012