

**DUTCHESS COUNTY
ECONOMIC
DEVELOPMENT
CORPORATION**

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

FOR THE YEAR ENDED DECEMBER 31, 2013

**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, 2013**

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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, 2013, and the related statements of activities, expenses, and cash flows for the year then ended, and the related notes to 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.

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 from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2013, 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 21, 2014

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

		<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>All</u>
		<u>Development</u>	<u>County</u>	<u>Marketing</u>	<u>Matching</u>	<u>Loan</u>	<u>Funds</u>
			<u>Tourism</u>	<u>Council</u>	<u>Funds</u>	<u>Programs</u>	<u>2013</u>
ASSETS:							
Current Assets:							
Cash	\$	149,483	46,738	53,796	14,938	290,238	555,193
Accounts receivable		6,635	118,097				124,732
Prepaid expenses		34,769	14,126				48,895
Loan receivable						<u>25,045</u>	<u>25,045</u>
Total current assets		<u>190,887</u>	<u>178,961</u>	<u>53,796</u>	<u>14,938</u>	<u>315,283</u>	<u>753,865</u>
Furniture and							
Equipment, at cost		63,539	61,456				124,995
Less: accumulated depreciation		<u>59,197</u>	<u>55,589</u>				<u>114,786</u>
		<u>4,342</u>	<u>5,867</u>				<u>10,209</u>
Total Assets	\$	<u>195,229</u>	<u>184,828</u>	<u>53,796</u>	<u>14,938</u>	<u>315,283</u>	<u>764,074</u>

See accompanying notes and independent auditor's report.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION, (Continued)
DECEMBER 31, 2013

		<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>All</u>
		<u>Development</u>	<u>County</u>	<u>Marketing</u>	<u>Matching</u>	<u>Loan</u>	<u>Funds</u>
			<u>Tourism</u>	<u>Council</u>	<u>Funds</u>	<u>Programs</u>	<u>2013</u>
LIABILITIES AND							
NET ASSETS:							
Current Liabilities:							
Accounts payable	\$	1,680	22,364	121	3,640		27,805
Deferred income		1,051	36,696		11,247		48,994
Benefits withheld		232					232
Accrued expenses		<u>1,423</u>	<u>4,910</u>	<u>—</u>	<u>—</u>		<u>6,333</u>
Total current liabilities		<u>4,386</u>	<u>63,970</u>	<u>121</u>	<u>14,887</u>	<u>—</u>	<u>83,364</u>
Commitments:							
Revolving loan funds						<u>315,252</u>	<u>315,252</u>
Total commitments		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>315,252</u>	<u>315,252</u>
Net Assets:							
Unrestricted		190,843	120,858				311,701
Temporarily restricted				<u>53,675</u>	<u>51</u>	<u>31</u>	<u>53,757</u>
Total net assets		<u>190,843</u>	<u>120,858</u>	<u>53,675</u>	<u>51</u>	<u>31</u>	<u>365,458</u>
Total Liabilities and							
Net Assets	\$	<u>195,229</u>	<u>184,828</u>	<u>53,796</u>	<u>14,938</u>	<u>315,283</u>	<u>764,074</u>

See accompanying notes and independent auditor's report.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>			<u>Totals</u>
	Economic Development	Dutchess County Tourism	External Marketing Council	Tourism Matching Funds	Revolving Loan Programs	All Funds 2013
SUPPORT AND REVENUES:						
Public and Private Support:						
Dues and contributions \$	98,749	43,135	87,750			229,634
Dues and contributions – in kind	8,850					8,850
Grants - NYS Department of Economic Development				46,888		46,888
Grant – Dyson Foundation	1,265					1,265
Non-cash contributions		40,139				40,139
Professional Services Contracts:						
Dutchess County	215,000	541,865		58,135		815,000
Dutchess County Local Development Corporation	15,000					15,000
Dutchess County Industrial Development Agency	<u>110,000</u>	<u>384,304</u>	<u>87,750</u>	<u> </u>		<u>582,054</u>
Total public and private support	<u>448,864</u>	<u>1,009,443</u>	<u>175,500</u>	<u>105,023</u>	<u> </u>	<u>1,738,830</u>
Revenues:						
Other revenues	4,772					4,772
Investment income	<u>111</u>	<u>273</u>				<u>384</u>
Total revenues	<u>4,883</u>	<u>273</u>	<u> </u>	<u> </u>	<u> </u>	<u>5,156</u>
SUPPORT AND REVENUES						
(CARRIED FORWARD) \$	<u>453,747</u>	<u>1,009,716</u>	<u>175,500</u>	<u>105,023</u>	<u> </u>	<u>1,743,986</u>

See accompanying notes and independent auditor's report.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES, (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013

	<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>All Funds 2013</u>
SUPPORT AND REVENUES						
(BROUGHT FORWARD) \$	453,747	1,009,716	175,500	105,023		1,743,986
Net assets released from restrictions						
Restrictions satisfied by payments	<u>265,073</u>	_____	<u>(160,050)</u>	<u>(105,023)</u>	_____	_____
Total Support and Revenues	<u>718,820</u>	<u>1,009,716</u>	<u>15,450</u>	_____	_____	<u>1,743,986</u>
EXPENSES:						
Program services	357,629	722,021				1,079,650
Supporting services:						
Management and general	287,781	123,542				411,323
Fundraising	<u>28,589</u>	<u>195,530</u>				<u>224,119</u>
Total expenses	<u>673,999</u>	<u>1,041,093</u>	_____	_____	_____	<u>1,715,092</u>
INCREASE (DEC) IN ASSETS	44,821	(31,377)	15,450			28,894
NET ASSETS – BEG. OF YEAR	<u>146,022</u>	<u>152,235</u>	<u>38,225</u>	<u>51</u>	<u>31</u>	<u>336,564</u>
NET ASSETS – END OF YEAR \$	<u>190,843</u>	<u>120,858</u>	<u>53,675</u>	<u>51</u>	<u>31</u>	<u>365,458</u>

See accompanying notes and independent auditor's report.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

		<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>		<u>Totals</u>	
		Economic	Dutchess	External	Tourism	Revolving	
		<u>Development</u>	<u>County</u>	<u>Marketing</u>	<u>Matching</u>	<u>Loan</u>	
			<u>Tourism</u>	<u>Council</u>	<u>Funds</u>	<u>Programs</u>	
						<u>Funds</u>	
						<u>2013</u>	
Salaries	\$	234,857	287,961	93,588			616,406
Payroll taxes		23,889	25,761	8,334			57,984
Employee benefits		<u>39,924</u>	<u>60,450</u>	<u>20,460</u>			<u>120,834</u>
Total payroll expenses		298,670	374,172	122,382			795,224
Administrative fees			2,500				2,500
Advertising/marketing			297,518		92,128		389,646
Automobile expense			1,634				1,634
Board committee expense		567	26				593
Brochure distribution					3,295		3,295
Computer consulting		3,925	6,200	1,859			11,984
Depreciation		1,279	1,922				3,201
Dues and subscriptions		1,548	3,490	1,191			6,229
Dyson Foundation education expense		1,265					1,265
Education and training		965	459	790			2,214
Equipment operating leases		1,523	3,402				4,925
Grants to Bardavon			29,000				29,000
Grants to Dutchess Arts Council			71,000				71,000
Grants to Hudson Valley Film Comm.			7,500				7,500
Insurance		6,750	12,003	2,705			21,458
Marketing expense		50,292		13,614			63,906
Marketing expense – non cash			40,139				40,139
Subtotal of Expenses	\$	<u>366,784</u>	<u>850,965</u>	<u>142,541</u>	<u>95,423</u>	<u> </u>	<u>1,455,713</u>
(CARRIED FORWARD)							

See accompanying notes and independent auditor's report.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF EXPENSES, (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013

		<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>All</u>
		<u>Development</u>	<u>County</u>	<u>Marketing</u>	<u>Matching</u>	<u>Loan</u>	<u>Funds</u>
			<u>Tourism</u>	<u>Council</u>	<u>Funds</u>	<u>Programs</u>	<u>2013</u>
Subtotal of Expenses	\$	366,784	850,965	142,541	95,423		1,455,713
(BROUGHT FORWARD)							
Miscellaneous expense		550	79	9			638
Regional matching funds					9,600		9,600
Occupancy		24,947	35,637	10,691			71,275
Office expense		2,147	1,904	1,031			5,082
Printing		192	19,813				20,005
Postage		514	18,975	200			19,689
Professional fees		4,336	48,790	1,398			54,524
Telephone		5,540	6,150	1,482			13,172
Trade shows			29,850	579			30,429
Travel and meeting expenses		3,916	28,930	2,119			34,965
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	\$	<u>408,926</u>	<u>1,041,093</u>	<u>160,050</u>	<u>105,023</u>	<u> </u>	<u>1,715,092</u>

See accompanying notes and independent auditor's report.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>			<u>Totals</u>
	Economic Development	Dutchess County Tourism	External Marketing Council	Tourism Matching Funds	Revolving Loan Programs	All Funds 2013
CASH FLOWS FROM						
OPERATING ACTIVITIES						
Increase (decrease) in net assets \$	44,821	(31,377)	15,450			28,894
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Adjustments:						
Depreciation	1,279	1,922				3,201
(Increase) or Decrease:						
Accounts receivable	(4,500)	(118,097)				(122,597)
Prepaid expenses	(30,268)	1,643	3,750			(24,875)
Increase or (Decrease):						
Accounts payable	182	21,548	(83)	3,640		25,287
Deferred income	(1,265)	29,326		11,247		39,308
Benefits withheld	196					196
Accrued expenses	<u>(943)</u>	<u>2,590</u>	<u> </u>	<u> </u>		<u>1,647</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>9,502</u>	<u>(92,445)</u>	<u>19,117</u>	<u>14,887</u>	<u> </u>	<u>(48,939)</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, 2013

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>			<u>Totals</u>
	Economic Development	Dutchess County Tourism	External Marketing Council	Tourism Matching Funds	Revolving Loan Programs	All Funds 2013
CASHFLOWS FROM INVESTING ACTIVITIES						
Purchase of fixed assets	<u>(1,258)</u>	<u>(2,347)</u>				<u>(3,605)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(1,258)</u>	<u>(2,347)</u>				<u>(3,605)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Loans receivable					10,979	10,979
Restricted RLF funds					<u>2,003</u>	<u>2,003</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES					<u>12,982</u>	<u>12,982</u>
NET (DE)INCREASE CASH	8,245	(94,792)	19,117	14,887	12,982	(39,561)
CASH AT BEGINNING OF YEAR	<u>141,238</u>	<u>141,530</u>	<u>34,679</u>	<u>51</u>	<u>277,256</u>	<u>594,754</u>
CASH AT END OF YEAR \$	<u>149,483</u>	<u>46,738</u>	<u>53,796</u>	<u>14,938</u>	<u>290,238</u>	<u>555,193</u>

See accompanying notes and independent auditor's report.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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. In 2014, DCT started the process of applying for exempt status and becoming its own entity.

(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.

(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, 2013

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, 2013 was \$3,201.

(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/marketing Costs** – All advertising/marketing costs for the company are expensed as incurred. The total for the year ended December 31, 2013 is \$453,552.

(h) **Contingencies** – Tax returns are open for audit with the Internal Revenue Service for up to three years after filing.

FURNITURE AND EQUIPMENT

A summary of furniture and equipment at December 31, 2013 are as follows:

		<u>Beginning of Year</u>	<u>2013 Additions</u>	<u>2013 Disposals</u>	<u>End of Year</u>
EDC - equipment	\$	64,914	1,258	(2,633)	63,539
DCT – equipment		<u>61,502</u>	<u>2,347</u>	<u>(2,393)</u>	<u>61,456</u>
	\$	<u>126,416</u>	<u>3,605</u>	<u>(5,026)</u>	<u>124,995</u>

See independent auditor’s report.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED DECEMBER 31, 2013

REVOLVING LOAN PROGRAM

Since 1993, the Dutchess County Economic Development Corporation (DCEDC) has administered the DCIDA Revolving Loan Fund (DCIDA RLF) for the benefit of small business development throughout Dutchess County. This fund has been capitalized by the Dutchess County Industrial Development Agency since its inception. The primary goal of the DCIDA RLF is to enhance job retention and creation within Dutchess County. This will be accomplished by providing expansion and working capital loans to support small business growth activity. Loans are available from \$5,000 to \$200,000 at Prime Interest Rate for no more than seven years.

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, 2013, the loans receivable amount has been reduced to \$25,045.

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

PROFESSIONAL SERVICE CONTRACTS

During the year ended December 31, 2013, DCEDC received professional service contract fees from various sources.

Dutchess County – economic development services	\$ 215,000
Dutchess County IDA – Tourism promotion	384,304
Dutchess County – Tourism services	600,000
Dutchess County IDA – economic development	110,000
Dutchess County IDA – marketing money match	87,750
Dutchess County LDC – economic development	15,000

The marketing match from the DCIDA is for the purpose of maintaining an extensive marketing program. The monies are a match to all private contributions received for this purpose up to \$115,000. As of December 31, 2013, \$87,750 was awarded. Private contributions received from outside sources totaled \$87,750 during 2013.

See independent auditor’s report.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED DECEMBER 31, 2013

EMPLOYEE BENEFIT PROGRAMS

DCEDC administers a flexible spending benefit package to all full time employees whereby the employees each receive \$12,400 in 2013 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

The New York State Department of Economic Development Division of Tourism awarded the DCEDC Tourism a \$58,135 matching grant for year 2013, of which \$11,247 was deferred to year 2014 and a 90 days extension approved. Dutchess County matched the NYS grant with \$58,135 in funds, included in their professional service contract of \$600,000 for Tourism in 2013.

Total monies received for the fiscal year ended December 31, 2013 were \$105,023. Total fund expenses were for the following items:

	<u>2013</u>
Advertising	\$ 92,128
Brochure Distribution	3,295
Regional Matching Funds	<u>9,600</u>
	\$ <u>105,023</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, 2013 \$11,450 was expended leaving \$1,050 as deferred income to 2014.

See independent auditor's report.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED DECEMBER 31, 2013

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, 2013:

<u>Fund</u>	<u>Purpose</u>	<u>2013</u>
External Marketing Council	Marketing attraction	\$ 53,675
Tourism Matching Funds	Promotion programs	51
Revolving Loan Program	Loan purposes	<u>31</u>
		<u>\$ 53,757</u>

OCCUPANCY

DCEDC reduced space rental to 4,222 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, 2016. Rent paid to landlord during 2013 was \$71,275.

RELATED PARTY TRANSACTIONS

The Dutchess County Industrial Development Agency (DCIDA), and the Dutchess County Local Development Corporation (DCLDC) provided DCEDC with various contracts for professional services. Any money given is decided upon annually by the Board of Directors of each agency. There are various individuals of the IDA and LDC boards who serve on the EDC Board of Directors. 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
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED DECEMBER 31, 2013

OPERATING LEASES

As of December 31, 2013, DCEDC had the following operating leases in effect.

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, 2013 are \$4,226.31.

DCEDC has a 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, 2013 are \$2,758.88.

DCEDC has a postage meter & scale lease with Pitney Bowes. The new lease is a 51 months lease started on April 1, 2012. The monthly lease payment is \$157.00. Total lease payments owed as of December 31, 2013 are \$4,710.

CONCENTRATION OF CREDIT RISK

DCEDC had cash balances in excess of the insurance protection limits provided by the FDIC program, which is \$250,000 at each banking institution. The following is a summary of bank balances over the limit as of December 31, 2013:

	<u>2013</u>
TD Bank USA	\$ <u>340,376</u>

CONTRIBUTED SERVICES

DCT has received contributed products for tourism promotion totaling \$40,139 during 2013. These amounts have been recorded as non cash contribution income and marketing expenses.

DCEDC also received contributed services valued at approximately \$90,294 from volunteers during 2013. 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.