

ULSTER COUNTY ECONOMIC
DEVELOPMENT ALLIANCE, INC.

(A blended component unit of Ulster County, New York)

Financial Statements,
Supplementary Information and
Independent Auditors' Report

December 31, 2024 and 2023

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Ulster County Economic Development Alliance, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ulster County Economic Development Alliance, Inc. (the Alliance), a blended component unit of Ulster County, New York, as of and for the years ended December 31, 2024 and 2023, and the related notes to financial statements, which collectively comprise the Alliance's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alliance as of December 31, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Alliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Alliance's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America requires that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Alliance's basic financial statements. The accompanying schedule of revenue and expenses - budget to actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated , 2025, on our consideration of the Alliance'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 solely 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 the effectiveness of the Alliance's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Alliance's internal control over financial reporting and compliance.

Williamsville, New York
, 2025

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Management Discussion and Analysis

December 31, 2024 and 2023

Introduction

Management's discussion and analysis of Ulster County Economic Development Alliance, Inc. (the Alliance) financial performance provides an overview of the Alliance's financial activities for the years ended December 31, 2024 and 2023. The Alliance is a Local Development Corporation which operates in Ulster County, New York (the County) and 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 Alliance.

Financial Highlights

The Alliance's net position decreased by \$55,193 or 3% as a result of operations in 2024.

In 2024, revenue decreased \$730,896 compared to 2023, or 77%. In 2023, revenue decreased \$1,655,636 compared to 2022, or 64%.

In 2024, expenses decreased \$732,863 compared to 2023, or 73%. In 2023, expenses decreased \$1,554,469 compared to 2022, or 61%.

Organization Highlights

2024 Alliance highlights include:

- Serviced active loans through the County Revolving Loan Fund, including visits to each site and preparation of required reporting documents for funders.
- Contracted with Bonadio & Co., LLP Management Consulting Services to review the Alliance's overall operations and governance structure. The company focused on the following areas:
 - Review organizational structure and governance model and make recommendations of improving organizational performance and health by enhancing structures, processes, and ways of working, including culture change.
 - Perform an internal risk management assessment including a review existing procedures and policies (available on the website) and provide guidance on procedures to solidify and expand internal controls.
 - Draft internal compliance strategy for the Alliance. Strategy is intended to ensure that the Alliance adheres to all relevant laws, regulations, contractual requirements, and internal policies.
 - Perform a benchmarking assessment identifying other peer organizations and reviewing structure, staffing and procurement guidelines.
 - Review processes for measurement and evaluation of program initiatives.
 - Review development and implementation of initiatives (strategy, execution, operational support and stakeholder engagement).
 - Identify any training needs for staff or board members.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
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Management Discussion and Analysis, Continued

2023 Alliance highlights include:

- Maintained business attraction marketing campaign to acquire and nurture relocation leads.
- Continued to publish a monthly “Featured Properties” email.
- Facilitated transfer of former TechCity properties to National Resources/iPark87 through execution of purchase and sale agreements and associated closing documents.
- Continued the Ulster County Green Economy Network (UGREEN) to grow and cultivate the green economy through networking and awareness-raising events.
- Serviced active loans through the County Revolving Loan Fund, including visits to each site and preparation of required reporting documents for funders.
- Implemented the County CARES II Small Business Assistance Program with awarded New York State funding for relief for small businesses and nonprofit organizations.

Using This Annual Report

This annual report consists primarily of the statements of net position, statements of revenue, expenses and changes in net position, and statements of cash flows, which provide information about the activities of the Alliance.

These statements include all assets, liabilities and deferred outflows and inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenue and expenses are taken into account regardless of when cash is received or paid. The statements report the Alliance’s net position and changes in net position. One way to measure the Alliance’s financial position is to look at the net position - the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources.

Condensed Comparative Financial Statements and Analysis

The Alliance’s net position for the year ended December 31, 2024, decreased \$55,193 to \$1,591,912. The Alliance’s net position for the year ended December 31, 2023, decreased \$57,160 to \$1,647,105.

Our analysis below focuses on net position (Table 1) and the changes in net position (Table 2).

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)
Management Discussion and Analysis, Continued

Table 1 - Summary Statements of Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets:			
Current assets	\$ 1,736,443	1,753,564	2,987,397
Noncurrent assets	<u>10,604,225</u>	<u>10,723,214</u>	<u>4,190,240</u>
Total assets	<u>12,340,668</u>	<u>12,476,778</u>	<u>7,177,637</u>
Liabilities			
Current liabilities	143,000	223,917	1,421,605
Noncurrent liabilities	<u>10,605,756</u>	<u>10,605,756</u>	<u>4,000,000</u>
Total liabilities	<u>10,748,756</u>	<u>10,829,673</u>	<u>5,421,605</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>51,767</u>
Net Position:			
Restricted	1,533,922	1,477,644	1,423,988
Unrestricted	<u>57,990</u>	<u>169,461</u>	<u>280,277</u>
Total net position	\$ <u>1,591,912</u>	<u>1,647,105</u>	<u>1,704,265</u>

At December 31, 2024, total assets were \$12,340,668, which was a decrease of \$136,110 from the prior year. This decrease is primarily a result of payments on loans receivable of \$154,004 during the year.

At December 31, 2023, total assets were \$12,476,778, which was an increase of \$5,299,141 from the prior year. This increase is primarily a result of recording a loan receivable for \$6,700,000 from the sale of TechCity West. This was offset by the receipt of \$1,000,000 from the first installment of the TechCity East loan.

At December 31, 2024, total liabilities were \$10,748,756, a decrease of \$80,917 from the prior year. This decrease is primarily from payment of grant payable of \$68,150 during the year.

At December 31, 2023, total liabilities were \$10,829,673, an increase of \$5,408,068 from the prior year. This increase is primarily from recording \$6,700,000 due to the County for amounts to be received from the sale of TechCity West, proceeds of which are to be turned over to the County. This was offset by payment of \$1,000,000 to the County from the first installment of the TechCity East loan.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Management Discussion and Analysis, Continued

Table 2 - Summary Statements of Revenue, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenue:			
Interest on loans	\$ 3,425	13,549	14,218
Community Development Block Grant	-	-	947,057
Coronavirus State and Local Fiscal Recovery Funds	102,380	816,526	-
Other income	<u>114,405</u>	<u>121,031</u>	<u>1,645,467</u>
Total revenue	<u>220,210</u>	<u>951,106</u>	<u>2,606,742</u>
Expenses:			
Operating expenses	\$ 275,403	1,002,822	2,439,982
Nonoperating expenses	<u>-</u>	<u>5,444</u>	<u>122,753</u>
Total expenses	<u>275,403</u>	<u>1,008,266</u>	<u>2,562,735</u>
Changes in Net Position	\$ <u>(55,193)</u>	<u>(57,160)</u>	<u>44,007</u>

The Alliance's total revenue for the year ended December 31, 2024 was \$220,210, a decrease of \$730,896 from the prior year. This decrease is primarily a result of a decrease in Coronavirus State and Local Fiscal Recovery Funds. Total expenses were \$275,403, a decrease of \$732,863 from the prior year. This decrease is primarily due to a decrease in grant spending for Coronavirus State and Local Fiscal Recovery Funds.

The Alliance's total revenue for the year ended December 31, 2023 was \$951,106, a decrease of \$1,655,636 from the prior year. This decrease is primarily a result of a decrease in rental income and contributions from the County for amounts related to TechCity West. Total expenses were \$1,008,266, a decrease of \$1,554,469 from the prior year. This decrease is primarily due to a decrease in school and property taxes as well as utilities related to TechCity West.

Capital Assets and Long-Term Debt

There were no capital asset additions in 2024 or 2023, and the Alliance did not take on any long-term debt in 2024 or 2023.

In 2023, the Alliance sold a parcel of land on Enterprise Drive in Kingston, New York for \$6,800,000 and proceeds from that sale will be received over 10 years and will be immediately transferred to the County.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)
Management Discussion and Analysis, Continued

Budget

In November 2023, the Alliance adopted the 2024 budget projecting revenue to be \$1,187,350 and expenses to be \$1,141,500. Actual 2024 revenue totaled \$220,210 and actual 2024 expenses totaled \$275,403. Revenue was significantly under budget due to anticipated revenue from a Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program that was not executed with the County. Expenses were significantly under budget due SLFRF programmatic expenses lower than anticipated from a program that was not executed.

Factors Bearing on the Alliance's Future

The Alliance will continue to look for funding opportunities to further its mission of promoting local development. Each year, the Alliance will evaluate opportunities for investment of its resources in furthering this mission. High interest rates will continue to contribute to high interest income for the Alliance, while resulting in uncertain economic trends.

Contacting the Alliance Financial Administrator

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Alliance's finances and to show the Alliance's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ulster County Economic Development Alliance, P.O. Box 1800, Kingston, New York 12402.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

(A blended component unit of Ulster County, New York)

Statements of Net Position

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and equivalents:		
Unrestricted	\$ 169,976	294,215
Restricted	1,534,367	1,327,884
Accounts receivable	5,137	6,521
Loans receivable, current portion	26,963	56,794
Grants receivable	-	68,150
Total current assets	<u>1,736,443</u>	<u>1,753,564</u>
Noncurrent assets:		
Loan receivable - TechCity East property, less current portion	3,900,000	3,900,000
Loan receivable - TechCity West property, less current portion	6,700,000	6,700,000
Loans receivable, less current portion, net of an allowance of \$5,184 in 2023	<u>4,225</u>	<u>123,214</u>
Total noncurrent assets	<u>10,604,225</u>	<u>10,723,214</u>
Total assets	<u>12,340,668</u>	<u>12,476,778</u>
Current liabilities:		
Accounts payable	20,090	12,868
Accounts payable - TechCity East property	106,837	121,237
Accounts payable - TechCity West property	16,073	21,192
Grants payable	-	68,150
Accrued taxes	-	470
Total current liabilities	<u>143,000</u>	<u>223,917</u>
Noncurrent liabilities - Due to Ulster County, less current portion	<u>10,605,756</u>	<u>10,605,756</u>
Total liabilities	<u>10,748,756</u>	<u>10,829,673</u>
Net position:		
Restricted	1,533,922	1,477,644
Unrestricted	<u>57,990</u>	<u>169,461</u>
Total net position	<u>\$ 1,591,912</u>	<u>1,647,105</u>

See accompanying notes to financial statements.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)
Statements of Revenue, Expenses and Changes in Net Position
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue:		
Contract and administrative fees	\$ 50,000	50,000
Coronavirus State and Local Fiscal Recovery Funds	102,380	816,526
Contributions	-	250
Interest on loans	3,425	13,549
Rental income	-	13,035
Late fees collected	-	555
Miscellaneous income	12,721	29,215
Total revenue	<u>168,526</u>	<u>923,130</u>
Expenses:		
Contractual	-	80,357
Legal fees	101,895	35,692
Professional fees	70,853	41,813
Marketing and advertising	-	19,091
Grants - Coronavirus State and Local Fiscal Recovery Funds	102,380	816,526
Office	275	9,343
Total expenses	<u>275,403</u>	<u>1,002,822</u>
Operating loss	<u>(106,877)</u>	<u>(79,692)</u>
Nonoperating revenue (expenses):		
Interest on TechEast property	-	5,444
Interest on TechEast property - granted to Ulster County	-	(5,444)
Interest on deposits	51,684	22,532
Total nonoperating revenue	<u>51,684</u>	<u>22,532</u>
Change in net position	(55,193)	(57,160)
Net position at beginning of year	<u>1,647,105</u>	<u>1,704,265</u>
Net position at end of year	<u>\$ 1,591,912</u>	<u>1,647,105</u>

See accompanying notes to financial statements.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Statements of Cash Flows
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Administrative fees	\$ 50,000	50,000
Contributions and grants	102,380	816,776
Interest on loans	3,425	13,549
Rental income	-	13,035
Miscellaneous revenue	12,721	29,215
Loans paid back	148,820	73,202
Payments to vendors	<u>(286,786)</u>	<u>(910,862)</u>
Net cash provided by operating activities	30,560	84,915
Cash flows from investing activities - interest received	<u>51,684</u>	<u>18,161</u>
Net increase in cash and equivalents	82,244	103,076
Cash and equivalents at beginning of year	<u>1,622,099</u>	<u>1,519,023</u>
Cash and equivalents at end of year	<u><u>\$ 1,704,343</u></u>	<u><u>1,622,099</u></u>
Cash flows from operating activities:		
Operating loss	(106,877)	(79,692)
Adjustments to reconcile operating loss to net cash provided by operating activities, changes in:		
Accounts receivable	1,384	(521)
TechCity properties accounts receivable	-	198,864
Loans receivable	148,820	73,202
Due from Ulster County	-	62,002
Grants receivable	68,150	(41,768)
Accounts payable	6,752	(27,737)
TechCity properties accounts payable	(19,519)	10,564
Grants payable	(68,150)	41,768
Due to Ulster County - deposit from sale of TechCity East	-	(100,000)
Unearned revenue	<u>-</u>	<u>(51,767)</u>
Net cash provided by operating activities	<u><u>\$ 30,560</u></u>	<u><u>84,915</u></u>

See accompanying notes to financial statements.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Notes to Financial Statements

December 31, 2024 and 2023

(1) Nature of Organization

(a) Financial Reporting Entity

The Ulster County Economic Development Alliance, Inc. (the Alliance) (formerly Ulster County Development Corporation) promotes job growth, economic development and community revitalization for Ulster County, New York (the County), by unified regional and national marketing and provides business financing through a variety of countywide and municipal revolving loan funds.

(b) Governance/Accountability

The Corporation's sole Member is the County acting by and through the County Executive, ex officio. The number of Directors of the Alliance shall be seven as established by resolution adopted by the Member.

(c) Programs of the Alliance

CDBG Loan Program - Includes the activities of Community Development Block Grants revolving loan fund which provides loans below \$75,000 to businesses to create and retain jobs in the County. Loans can be issued in excess of \$75,000 with a super-majority of committee approval.

Section 108 - Includes the U.S. Department of Housing and Urban Development Section 108 Loan Guarantee Program activities administered through the County, which provide loans within the range of \$75,000 to \$750,000 to businesses for development and job creation in the County.

Telecommunications Fund - Provides matching loan funds under the U.S. Department of Agriculture Intermediary Relending Program Loan Fund.

Coronavirus State and Local Fiscal Recovery Funds - The County CARES II Small Business Grant Award Program provided \$950,000 of direct assistance to qualified small businesses and nonprofit organizations. Funding was awarded from New York State to the County in May of 2021. The County then created a subrecipient agreement with the Alliance to administer the funding to ultimate awardees. The County and the Alliance reimbursed businesses and nonprofit organizations for \$102,380 and \$816,526 of eligible expenses during the years ended December 31, 2024 and 2023, respectively.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Alliance have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities. Revenue is recorded when earned and expenses are recorded when incurred. In accordance with accounting principles generally accepted in the United States of America (GAAP), the Alliance applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

(b) Deferred Outflows/Inflows of Resources

A deferred outflow of resources is a consumption of net assets that applies to future periods, and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future periods, and as such, will not be recognized as an inflow of resources (revenue) until that time.

(c) Budgetary Data

In October of each year the finance committee submits a tentative budget to the Board of Directors for the next year which begins the following January 1. The tentative budget includes proposed expenditures and the proposed means of funding.

(d) Use of Estimates

The preparation of financial statements in accordance with GAAP 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 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 Alliance periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary.

(e) Revenue Recognition

Contributions are recognized when received or in the period of intended use as specified by the donor. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Administrative revenue is recognized in the period services are provided. Grant revenue is recognized on cost reimbursable contracts in the period the costs are incurred. Advances on grants prior to costs being incurred in accordance with the terms of the grant agreement are unearned until the period costs are incurred. Interest on loans is recognized in the period earned over the life of the related loans receivable. Operating revenue includes revenue generated from ongoing operating activities. Nonoperating revenue includes investing, financing and other non-recurring activities.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) Income Taxes

The Alliance is a not-for-profit organization, exempt from federal income taxes under sections 501(c)(3) and is not a “private foundation” within the meaning of section 509(a)(2) of the Internal Revenue Code. However, income from certain activities not directly related to the Alliance’s tax-exempt purpose is subject to taxation as unrelated business income.

The Alliance has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements. Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred. None of the Alliance’s returns are currently under examination.

(g) Cash and Equivalents

The Alliance considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

(h) Property and Equipment

The cost of property and equipment is depreciated over the useful lives of the related assets using the straight-line method. The Alliance capitalizes capital assets with an estimated useful life of greater than one year and a cost of greater than \$500.

(i) Concentration of Credit and Market Risk

Financial instruments that potentially expose the Alliance to concentrations of credit and market risk consist primarily of cash and equivalents and loans receivable. Cash and equivalents are maintained at Federal Deposit Insurance Corporation (FDIC) insured financial institutions and credit exposure is limited to any one institution. To the extent FDIC insurance is not sufficient, the Alliance requires its bank to maintain pledged collateral.

Concentrations of credit risk with respect to notes receivables are limited due to the diverse industry backgrounds of its borrowers. Furthermore, management feels its borrower approval processes and regular review of provisions for loan losses, adequately provides for any material credit risks. Generally, sufficient collateral or a personal guarantee is obtained for all loans at the time of disbursement. Collateral is generally in the form of a mortgage on real property or a chattel lien on equipment title.

(j) Loans and Allowance for Loan Losses

Loans are stated at their recorded investment, which is the amount of unpaid principal, reduced by an allowance for loan losses. Interest is calculated by using the simple interest method. Interest rates on loans range from 3% to 5%.

The allowance for loan losses reflects management’s judgment of probable loan losses inherent in the portfolio at the statement of financial position date. To determine the total allowance for loan losses, management estimates the reserves needed for each loan outstanding.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) Loans and Allowance for Loan Losses, Continued

To determine the balance of the allowance account, loans are evaluated case by case and future losses are projected using historical experience adjusted for current economic and industry conditions. Management exercises significant judgment in determining the estimation method that fits the credit risk rating characteristics of each case. Management must use judgment in establishing additional input factors for estimating purposes. The assumptions used to determine the allowance are periodically reviewed by management to ensure that their theoretical foundation, assumptions, data integrity, computational processes, and reporting practices are appropriate and properly documented.

The establishment of the allowance for loan losses relies on a consistent process that requires management review and judgment and responds to changes in economic conditions, customer behavior, and collateral value, among other influences. From time to time, events or economic factors may affect the loan portfolio, causing management to provide additional amounts to, or release balances from, the allowance for loan losses.

Management monitors differences between estimated and actual incurred loan losses. This monitoring process includes periodic assessments by senior management of loan portfolios and the assumptions used to estimate incurred losses in these portfolios. Additions to the allowance for loan losses are made by charges to the provision for loan losses. Credit exposures deemed to be uncollectible are charged against the allowance for loan losses. Recoveries of previously charged off amounts are credited to the allowance for loan losses.

(k) Net Position Classifications

Net position is classified and displayed in three components:

Net investment in capital assets - consists of capital assets including capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - consists of net position with constraints placed on its use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - consists of net position without constraints.

(l) Interest Income on Loans

Interest on loans is accrued and credited to income based on the principal amount outstanding. The accrual of interest on loans is discontinued when, in accordance with adopted policies, there is an indication that the borrower may be unable to meet payments as they become due. Upon such discontinuance, all unpaid accrued interest is reversed.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(m) Subsequent Events

Management has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued.

(3) Cash and Equivalents

The following is a summary of cash and equivalents as included in the statement of net position at December 31, 2024:

<u>Bank</u>	<u>Book Balance</u>	<u>Bank Balance</u>	<u>FDIC Coverage</u>	<u>Pledged Collateral</u>
M&T	\$ <u>1,704,343</u>	<u>1,704,433</u>	<u>500,000</u>	<u>796,375</u>

The following is a summary of cash and equivalents as included in the statement of net position at December 31, 2023:

<u>Bank</u>	<u>Book Balance</u>	<u>Bank Balance</u>	<u>FDIC Coverage</u>	<u>Pledged Collateral</u>
M&T	\$ <u>1,622,099</u>	<u>1,624,515</u>	<u>500,000</u>	<u>1,147,006</u>

At December 31, 2024 and 2023, deposits of the Alliance were fully covered by FDIC insurance and by collateral held by a Bank in the Alliance's name.

The following represents the cash and equivalents balances at December 31, 2024 and 2023 by fund:

	<u>2024</u>	<u>2023</u>
Unrestricted - operating fund	\$ <u>169,976</u>	<u>294,215</u>
Restricted:		
CDBG loan fund	\$ 1,253,940	1,043,483
Telecommunications fund	209,339	202,615
Section 108	43,402	42,002
Revolving loan fund	<u>27,686</u>	<u>39,784</u>
Total restricted	\$ <u>1,534,367</u>	<u>1,327,884</u>

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Notes to Financial Statements, Continued

(4) Capital Assets

A summary of capital assets is as follows as of and for the years ended December 31, 2024 and 2023:

	Balance at January 1, 2024	Additions	Disposals	Balance at December 31, 2024
Equipment - grant related	\$ 352,485	-	-	352,485
Office equipment	<u>59,025</u>	<u>-</u>	<u>-</u>	<u>59,025</u>
	411,510	-	-	411,510
Accumulated depreciation	<u>(411,510)</u>	<u>-</u>	<u>-</u>	<u>(411,510)</u>
Total property and equipment	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Balance at January 1, 2023	Additions	Disposals	Balance at December 31, 2023
Equipment - grant related	\$ 352,485	-	-	352,485
Office equipment	<u>59,025</u>	<u>-</u>	<u>-</u>	<u>59,025</u>
	411,510	-	-	411,510
Accumulated depreciation	<u>(411,510)</u>	<u>-</u>	<u>-</u>	<u>(411,510)</u>
Total property and equipment	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

There was no depreciation expense during the years ended December 31, 2024 and 2023.

(5) Loans Receivable

During the years ended December 31, 2024 and 2023, the Alliance did not disburse any new loans. Loans are collateralized by equipment and personal guarantees of the owners, and the loans are subject to certain affirmative covenants related to job creation.

The total loan receivable balance at December 31, 2024 and 2023 was comprised of two loans totaling \$31,188 and three loans totaling \$185,192, respectively. The loan receivable balance at December 31, 2024 was comprised of one loan making up 69% of the loan receivable balance and the loan receivable balance at December 31, 2023 was comprised of one loan making up 66% of the loan receivable balance.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Notes to Financial Statements, Continued

(5) Loans Receivable, Continued

A summary of changes to loan receivable balances for the year ended December 31, 2024 are as follows:

	Balance January 1, 2024	New Loans	Payments	Write-offs	Balance December 31, 2024	Balance due in one year
Bread Alone	\$ 123,102	-	(123,102)	-	-	-
Fruition Chocolate	26,712	-	(17,013)	-	9,699	9,699
Pika's Farm Table	35,378	-	(13,889)	-	21,489	17,264
	<u>\$ 185,192</u>	<u>-</u>	<u>(154,004)</u>	<u>-</u>	<u>31,188</u>	<u>26,963</u>

A summary of changes to loan receivable balances for the year ended December 31, 2023 are as follows:

	Balance January 1, 2023	New Loans	Payments	Write-offs	Balance December 31, 2023	Balance due in one year
Bread Alone	\$ 148,035	-	(24,933)	-	123,102	25,911
Fruition Chocolate	39,048	-	(12,336)	-	26,712	15,618
Pika's Farm Table	48,710	-	(13,332)	-	35,378	15,265
Costas and Tate Insurance Agency, Inc.	4,297	-	(4,297)	-	-	-
Mad Batters Pastries, LLC	18,304	-	(18,304)	-	-	-
	<u>\$ 258,394</u>	<u>-</u>	<u>(73,202)</u>	<u>-</u>	<u>185,192</u>	<u>56,794</u>

The allowance for loan losses activity at December 31, 2023 was \$5,184.

(6) Related Parties

The Alliance does not have its own employees and recognizes no payroll expenses. The County's finance department has assumed the accounting responsibilities and the County's Office of Economic Development has assumed the administration of the Alliance. Donated services have not been reflected in these financial statements.

Real Property

TechCity West (Enterprise West)

In March 2021, the County legislature passed Resolution 112 of 2021 which authorized the County to transfer to the Alliance the west side of the former IBM campus (TechCity West) that had been acquired by foreclosure, so that the Alliance could market the properties for sale and manage the properties going forward.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Notes to Financial Statements, Continued

(6) Related Parties. Continued

Real Property, Continued

TechCity West (Enterprise West), Continued

The Resolution indicated that any proceeds from the future sale of the TechCity West properties are to be remitted to the County. Because of the relationship between the County and the Alliance, this transfer of property was accounted for at the County's net book value of zero dollars upon transfer. No liability has been recorded related to the future environmental obligation that could materialize or any obligation to remit the proceeds to the County for a future sale.

In November 2021, the County agreed to reimburse the Alliance for eligible costs related to property surveys, appraisals and legal counsel up to \$170,000 related to the development of the TechCity West properties through December 31, 2022. As of December 31, 2024 and 2023, no amounts related to the contract have been recorded or incurred, and upon subsequent negotiation with the purchaser of the property, all such costs will be the obligations of the purchaser. As such, the Alliance has notified the County that the approved appropriation may be relinquished back to the County's general fund.

In April of 2022, the County Legislature passed Resolution No. 133, authorizing the County to enter into a lease for space at TechCity West. The County through this lease agreement with the Alliance agreed to pay utilities and expenses for TechCity West during the time it leased a portion of the space.

During the year ended December 31, 2022, the County paid school taxes and associated interest of \$263,965 on the Alliance's behalf. In addition, during the year ended December 31, 2022, the County paid repairs and maintenance expenses of \$7,947 and utilities of \$252,507 under the terms of its lease agreement. Rental income of \$524,419 was recognized by the Alliance from the County as a result.

On July 1, 2022, a final appraisal report for the subject West properties was completed by Hilco Real Estate Appraisal, LLC., indicating a value conclusion of \$6,820,000.

In July 2022, the Board of Directors of the Alliance authorized the execution of a Purchase and Sale Agreement (West PSA) to sell the TechCity West properties to National Resources/iPark 87 West, LLC. (Purchaser) for a negotiated price of \$6,800,000, payable by application of \$100,000 deposit at closing and the remaining \$6,700,000 in equal installments over 10 years at an interest rate of 4.00%, subject to duly executed note and mortgage. The Alliance subsequently issued notice to the New York State Authorities Budget Office as required by law, providing that office with a 90-day opportunity to comment on the transaction. No comments were received by the Alliance.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Notes to Financial Statements, Continued

(6) Related Parties, Continued

Real Property, Continued

TechCity West (Enterprise West), Continued

The West PSA includes the following provisions:

- The creation of a Purchaser-funded imprest account, to be paid by the Purchaser to the Alliance upon execution of the West PSA, in the amount of \$250,000, to be used by the Alliance to reimburse eligible transaction costs related to the sale;
- The payment of an annual Administrative Fee of \$125,000, until the earlier of “substantial completion” or the satisfaction of the Purchase Money Mortgage, at an annual escalation of 3% per year, to compensate the Alliance for monitoring and administration of the West PSA and associated Purchase Money Mortgage;
- The payment of a deposit of \$100,000 due upon execution of the PSA, to be held in escrow and released upon closing, which amount shall be credited toward the purchase price;
- Reimbursement to the County, at closing via the Alliance, of utilities paid at TechCity inclusive of January 1, 2022 through December 31, 2022; and
- The payment of the remaining balance of the purchase price in ten equal annual installments, carrying an interest rate of 4% per year, to be subject to a Purchase Money Mortgage and Note, commencing January 1, 2024.

The final transaction to transfer title from the Alliance to National Resources/iPark 87 West, LLC. occurred on April 6, 2023, following the satisfaction of several required pre-conditions of closing as outlined in the PSA.

In February 2023, National Resources/iPark 87 West, LLC. completed a wire transfer to the Alliance for \$250,000 to fund the imprest account. Reimbursable costs primarily related to legal fees incurred by the Alliance for the year ended December 31, 2023 were \$34,596. Reimbursable costs primarily related to legal fees incurred by the Alliance for the years ended December 31, 2024 and 2023 were \$5,119 and \$34,596, respectively. As of December 31, 2024 and 2023, the imprest liability was \$16,073 and \$21,192, respectively.

National Resources/iPark 87 West, LLC. requested a payment deferral during 2023 and is currently in revised contract negotiations with the Alliance. As such, the \$6,700,000 loan receivable has been classified as a long-term receivable on the statements of net position until contract negotiations have been concluded.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Notes to Financial Statements, Continued

(6) Related Parties, Continued

Real Property, Continued

TechCity East

In July 2021, the County initiated in rem foreclosure proceedings on eighteen parcels located on the east side of the former IBM campus (TechCity East) in the Town of Ulster, New York. Those proceedings were halted when the owner contested the foreclosure, forcing the County to delay taking the property while it argued its case in the County Court.

On December 1, 2021, the County Court judge Bryan Rounds signed a settlement order that provided a roadmap for the former owner to cede the properties to the County. Once implemented, the settlement would result in the sale of the remaining TechCity East parcels to National Resources, a real estate company that specializes in turning around complicated former industrial sites, such as the former IBM campus in East Fishkill, New York.

On December 2, 2021, the County Legislature set a public hearing on the transfer of the TechCity East parcels to the Alliance.

On December 21, 2021, the County Legislature authorized the County to transfer the TechCity East parcels to the Alliance, so that the Alliance could in turn sell the properties to National Resources/iPark87, LLC. The agreement indicates that any proceeds from the future sale of the TechCity East properties are to be remitted to the County.

Because of the relationship between the County and the Alliance, this transfer of property was accounted for at the County's net book value of approximately \$5 million as an asset available for sale, and an associated liability due to the County, until closing of the sale was completed. The underlying property is subject to certain environmental cleanup. The obligation to satisfy this cleanup was transferred to the purchaser of the property and such cost was contemplated in the sales price.

On December 21, 2021, the Board of Directors of the Alliance authorized the execution of a Purchase and Sale Agreement (East PSA) to sell the TechCity East properties to National Resources/iPark 87, LLC (Purchaser) for a negotiated price of \$12,000,000, payable by application of a \$7,000,000 advance credit for costs to remediate asbestos-contamination in Building 1 and in piles of rubble on the former site of Building 25 (subject to a "true-up" to verify actual costs) and with the remaining balance to be paid by application of a \$100,000 deposit held in escrow until closing and a Purchase Money Mortgage Note for annual installment payments equal to \$1,000,000 plus 4% interest on the principal balance, commencing January 1, 2023. Interest accrues on the note beginning June 8, 2022.

The Alliance subsequently issued notice to the New York State Authorities Budget Office as required by law, providing that office with a 90-day opportunity to comment on the transaction. No comments were received by the Alliance.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Notes to Financial Statements, Continued

(6) Related Parties, Continued

Real Property, Continued

TechCity East, Continued

On February 17, 2022, a final appraisal report for the subject East properties was completed by Hilco Real Estate Appraisal, LLC.

The East PSA included the following provisions:

- The creation of a Purchaser-funded imprest account, to be paid by Purchaser to the Alliance upon execution of the East PSA, in the amount of \$250,000, to be used by the Alliance to reimburse eligible transaction costs related to the sale;
- The payment of an annual Administrative Fee of \$50,000, commencing January 1, 2023 and continuing until the earlier of “substantial completion” or the satisfaction of the Purchase Money Mortgage, at an annual escalation of 3% per year, to compensate the Alliance for monitoring and administration of the East PSA and associated Purchase Money Mortgage;
- The payment of a deposit of \$100,000 due upon execution of the PSA, to be held in escrow and released upon closing, which amount shall be credited toward the purchase price; and
- The payment of the remaining balance of the purchase price in five equal annual installments, carrying an interest rate of 4% per year, to be subject to a Purchase Money Mortgage and Note, commencing January 1, 2023.

On February 3, 2022, the Purchaser deposited \$227,234 to the Alliance’s accounts. This amount included \$177,234 for the required imprest account and \$50,000 for the 2023 Administrative Fee. In addition, the Purchaser made a direct payment to the Alliance’s legal counsel in the amount of \$72,766. These combined payments were deemed to satisfy the Purchaser’s pre-closing financial contributions to the Alliance. Reimbursable costs primarily related to legal fees incurred by the Alliance for the years ended December 31, 2024 and 2023 were \$14,400 and \$10,628, respectively. As of December 31, 2024 and 2023, the imprest liability balance was \$106,873 and \$121,237, respectively.

The final transaction to transfer title from the Authority to National Resources/iPark 87, LLC was completed on June 8, 2022.

On January 19, 2023, the Alliance received a payment from the Purchaser in the amount of \$1,167,600, which represented payment of the required \$100,000 deposit, plus a \$1,000,000 payment of principal and \$67,600 in interest payments. This full amount was subsequently remitted to the County on February 27, 2023.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Notes to Financial Statements, Continued

(6) Related Parties, Continued

Real Property, Continued

TechCity East, Continued

National Resources/iPark 87, LLC. requested a payment deferral during 2023 and is currently in revised contract negotiations with the Alliance. As such, the loan has been classified as a long-term receivable on the statements of net position until contract negotiations have been concluded.

.600 Parcel/Powerhouse Property

The County initiated in rem foreclosure proceedings on one additional parcel (.600 Parcel) located on the east side of the former IBM campus in October 2021. In 2022, the County was awarded a Summary Judgement motion and filed for the deed for the property, officially taking possession of the property. Given the property's landlocked location within the former IBM campus, its importance as a location of electric and water utility connections, and in consideration of the property's importance to the overall redevelopment of the campus, the Alliance's intent to negotiate a Purchase and Sale Agreement with the Purchaser for the .600 Parcel was memorialized in both the East and West PSAs.

On July 19, 2022, the County Legislature set a public hearing on the transfer of the parcels to the Alliance.

On August 16, 2022, the County Legislature authorized the County to transfer the parcels to the Alliance so that the Alliance could in turn sell the properties to National Resources/iPark 87, LLC.

Because of the relationship between the County and the Alliance, this transfer of property is accounted for at the County's net book value of zero dollars as an asset available for sale, and an associated liability due to the County, until closing and the sale is completed. An appraisal completed in 2022 by the Alliance indicated an estimated market value of \$600,000, however, the appraisal did not consider implications of ownership by a third-party entity, which would likely incur substantial expense for both the Purchaser and the third-party entity to fully segregate the property from the rest of the campus. Therefore, the Alliance believes the parcel will sell for an estimated \$300,000.

The Alliance is currently in the process of re-negotiating certain agreements with the Purchaser.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Notes to Financial Statements, Continued

(6) Related Parties, Continued

Real Property, Continued

Coronavirus State and Local Fiscal Recovery Funds

During the year ended December 31, 2023, the Alliance entered into a professional services agreement with the County to act as the subrecipient of grant funds under a New York State Coronavirus State and Local Fiscal Recovery Funds grant totaling \$1,000,000. During the years ended December 31, 2024 and 2023, the Alliance recognized \$102,380 and \$816,526, respectively, of revenue and expenses associated with this agreement. The County determined it would retain the administrative portion of the grant (\$50,000) given the County staff time primarily was devoted to the work performed. The Alliance did not receive any administrative revenue as a result of this grant.

(7) Leases

The Alliance leased space at the TechCity West location for purposes of storage to five tenants. Lease terms cover an annual basis and may be terminated by either party. Rental income for the year ended December 31, 2023 was \$13,305.

(8) Restricted Net Position

Restricted net position consists of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
CDBG loan fund	\$ 1,253,495	1,193,243
Telecommunications fund	209,339	202,615
Section 108	43,402	42,002
Revolving loan fund	<u>27,686</u>	<u>39,784</u>
	<u>\$ 1,533,922</u>	<u>1,477,644</u>

Restricted net positions contains restricted cash and equivalents. The CDBG loan fund also contains certain other assets and liabilities.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Notes to Financial Statements, Continued

(9) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

Statement No. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.

Statement No. 104 - Disclosure of Certain Capital Assets. Effective for fiscal years beginning after June 15, 2025.

SUPPLEMENTARY INFORMATION

DRAFT

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Other Supplementary Information

Schedule of Revenue and Expenses - Budget to Actual
Year ended December 31, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue:			
Contract and administrative fees	\$ 184,250	50,000	(134,250)
Coronavirus State and Local Fiscal Recovery Funds	1,000,000	102,380	(897,620)
Interest on loans	-	3,425	3,425
Educational events	3,000	-	(3,000)
Miscellaneous income	-	12,721	12,721
Interest on deposits	<u>100</u>	<u>51,684</u>	<u>51,584</u>
Total revenue	<u>1,187,350</u>	<u>220,210</u>	<u>(967,140)</u>
Expenses:			
Contractual	25,000	-	25,000
Legal fees	5,000	101,895	(96,895)
Professional fees	70,000	70,853	(853)
Grants - Coronavirus State and Local Fiscal Recovery Funds	950,000	102,380	847,620
Educational events	10,000	-	10,000
Insurance	6,000	-	6,000
Marketing and advertising	75,000	-	75,000
Office	<u>500</u>	<u>275</u>	<u>225</u>
Total expenses	<u>1,141,500</u>	<u>275,403</u>	<u>866,097</u>
Excess (deficit) of revenue over expenses	<u>\$ 45,850</u>	<u>(55,193)</u>	<u>(101,043)</u>

**INDEPENDENT AUDITORS' 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 Board of Directors
Ulster County Economic Development Alliance, Inc.

We have audited, 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, the financial statements of Ulster County Economic Development Alliance, Inc. (the Alliance), as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the Alliance's basic financial statements, and have issued our report thereon dated , 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Alliance's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alliance's internal control.

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 Alliance's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alliance's financial statements are free from 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 financial statements. 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alliance's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Alliance's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williamsville, New York
, 2025

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
(A blended component unit of Ulster County, New York)

Status of Prior Year Audit Findings

Year ended December 31, 2024

Finding 2023-01 - Material Weakness in Internal Control over
Financial Reporting - Accrual Basis Adjustments

Condition - Certain material adjustments were necessary to properly record activity related to the Alliance's CARES II grant in which the Alliance acted as an administrator for Ulster County.

Status - This finding was corrected in 2024.

Finding 2023-02 - Significant Deficiency in Internal Control over
Financial Reporting - Journal Entries and Fund Transfers

Condition - The Alliance does not require journal entries or fund transfers be reviewed prior to posting or initiated by management.

Status - This finding was corrected in 2024.