

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, 2025 and 2024

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 the 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, 2025 and 2024, 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, 2025 and 2024, 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 , 2026, 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
, 2026

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

Management Discussion and Analysis

December 31, 2025 and 2024

Introduction

Management's discussion and analysis of Ulster County Economic Development Alliance, Inc.'s (the Alliance) financial performance provides an overview of the Alliance's financial activities for the years ended December 31, 2025 and 2024. 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 \$32,849 or 2% as a result of operations in 2025.

In 2025, revenue decreased \$175,978 compared to 2024, or 80%. In 2024, revenue decreased \$730,896 compared to 2023, or 77%.

In 2025, expenses decreased \$198,322 compared to 2024, or 72%. In 2024, expenses decreased \$732,863 compared to 2023, or 73%.

The decreases in 2025 and 2024 revenue and expenses are due to a one-time Coronavirus State and Local Fiscal Recovery Funds grant. As the grant was spent down, revenue and expenses were recognized.

Organization Highlights

2025 Alliance highlights include:

- Collection of remaining loan receivable from Fruition Chocolate.
- Continued on timely collection of the loan receivable from Pika's Farm Table.
- Continuation of taking advantage of high interest rates on available cash balances.

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

Management Discussion and Analysis, Continued

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.

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.

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

Management Discussion and Analysis, Continued

Condensed Comparative Financial Statements and Analysis

The Alliance's net position for the year ended December 31, 2025, decreased \$32,849 to \$1,559,063. The Alliance's net position for the year ended December 31, 2024, decreased \$55,193 to \$1,591,912.

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

Table 1 - Summary Statements of Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets:			
Current assets	\$ 1,700,530	1,736,443	1,753,564
Noncurrent assets	<u>10,600,000</u>	<u>10,604,225</u>	<u>10,723,214</u>
Total assets	<u>12,300,530</u>	<u>12,340,668</u>	<u>12,476,778</u>
Liabilities:			
Current liabilities	135,711	143,000	223,917
Noncurrent liabilities	<u>10,605,756</u>	<u>10,605,756</u>	<u>10,605,756</u>
Total liabilities	<u>10,741,467</u>	<u>10,748,756</u>	<u>10,829,673</u>
Net Position:			
Restricted	1,559,063	1,533,922	1,477,644
Unrestricted	<u>-</u>	<u>57,990</u>	<u>169,461</u>
Total net position	<u>\$ 1,559,063</u>	<u>1,591,912</u>	<u>1,647,105</u>

At December 31, 2025, total assets were \$12,300,530, which was a decrease of \$40,138 from the prior year. This decrease is primarily a result of payments on loans receivable of \$26,963 during the year.

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, 2025, total liabilities were \$10,741,467, a decrease of \$7,289 from the prior year. This decrease is from payment of accounts payable of \$7,289 during the year.

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

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>2025</u>	<u>2024</u>	<u>2023</u>
Revenue:			
Interest on loans	\$ 501	3,425	13,549
Grants	-	102,380	816,526
Other income	<u>43,731</u>	<u>114,405</u>	<u>121,031</u>
Total revenue	<u>44,232</u>	<u>220,210</u>	<u>951,106</u>
Expenses:			
Operating expenses	77,081	275,403	1,002,822
Nonoperating expenses	-	-	5,444
Total expenses	<u>77,081</u>	<u>275,403</u>	<u>1,008,266</u>
Change in net position	\$ <u>(32,849)</u>	<u>(55,193)</u>	<u>(57,160)</u>

The Alliance’s total revenue for the year ended December 31, 2025 was \$44,232, a decrease of \$175,978 from the prior year. This decrease is a primarily a result of a decrease in Coronavirus State and Local Fiscal Recovery Funds. Total expenses were \$77,081, a decrease of \$198,322 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, 2024 was \$220,210, a decrease of \$730,896 from the prior year. This decrease is a 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.

Capital Assets and Long-Term Debt

There were no capital asset additions in 2025 or 2024, and the Alliance did not take on any long-term debt in 2025 or 2024.

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

Budget

In November 2024, the Alliance adopted the 2025 budget projecting revenue and expenses to be \$257,700. Actual 2025 revenue totaled \$44,232 and actual 2025 expenses totaled \$77,081. Revenue and expenses were significantly under budget due to there being no activity related to administrative fees.

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.
 Statements of Financial Position
 December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and equivalents:		
Unrestricted	\$ 87,820	169,976
Restricted	1,603,485	1,534,367
Receivables:		
Accounts receivable	5,000	5,137
Loans receivable, current portion	4,225	26,963
Total current assets	<u>1,700,530</u>	<u>1,736,443</u>
Noncurrent assets:		
Loan receivable - TechCity East property	3,900,000	3,900,000
Loan receivable - TechCity West property	6,700,000	6,700,000
Loans receivable, less current portion	-	4,225
Total noncurrent assets	<u>10,600,000</u>	<u>10,604,225</u>
Total assets	<u>12,300,530</u>	<u>12,340,668</u>
Current liabilities:		
Accounts payable	12,801	20,090
Accounts payable - TechCity East property	106,837	106,837
Accounts payable - TechCity West property	16,073	16,073
Total current liabilities	135,711	143,000
Noncurrent liabilities - due to Ulster County, less current portion	<u>10,605,756</u>	<u>10,605,756</u>
Total liabilities	<u>10,741,467</u>	<u>10,748,756</u>
Net position:		
Restricted	1,559,063	1,533,922
Unrestricted	-	57,990
Total net position	<u>\$ 1,559,063</u>	<u>1,591,912</u>

See accompanying notes to financial statements.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.
 Statements of Revenue, Expenses and Changes in Net Position
 Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue:		
Administrative fees	\$ -	50,000
Grants	-	102,380
Interest on loans	501	3,425
Miscellaneous income	15	12,721
Total revenue	516	168,526
Expenses:		
Legal fees	24,520	101,895
Professional fees	51,243	70,853
Grants - Coronavirus State and Local Fiscal Recovery Funds	-	102,380
Office	1,318	275
Total expenses	77,081	275,403
Operating loss	(76,565)	(106,877)
Nonoperating revenue - interest revenue	43,716	51,684
Change in net position	(32,849)	(55,193)
Net position at beginning of year	1,591,912	1,647,105
Net position at end of year	\$ 1,559,063	1,591,912

See accompanying notes to financial statements.

ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE, INC.

Statements of Cash Flows

Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Administrative fees	\$ -	50,000
Grants	-	102,380
Interest on loans	501	3,425
Miscellaneous revenue	152	12,721
Loan repayments collected	26,963	148,820
Payments to vendors	<u>(84,370)</u>	<u>(286,786)</u>
Net cash provided by (used in) operating activities	(56,754)	30,560
Cash flows from investing activities - interest received	<u>43,716</u>	<u>51,684</u>
Net change in cash and equivalents	(13,038)	82,244
Cash and equivalents at beginning of year	<u>1,704,343</u>	<u>1,622,099</u>
Cash and equivalents at end of year	<u>\$ 1,691,305</u>	<u>1,704,343</u>
Cash flows from operating activities:		
Operating loss	(76,565)	(106,877)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities - changes in:		
Accounts receivable	137	1,384
Loans receivable	26,963	148,820
Grants receivable	-	68,150
Accounts payable	(7,289)	6,752
TechCity properties accounts payable	-	(19,519)
Grants payable	<u>-</u>	<u>(68,150)</u>
Net cash provided by (used in) operating activities	<u>\$ (56,754)</u>	<u>30,560</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, 2025 and 2024

(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. The Alliance is a blended component unit of the County.

(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 the Federal government 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 of eligible expenses during the year ended December 31, 2024. The Alliance had no expenses reimbursed from the County for the year ended December 31, 2025.

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, 2025:

<u>Bank</u>	<u>Book Balance</u>	<u>Bank Balance</u>	<u>FDIC Coverage</u>	<u>Pledged Collateral</u>
M&T	\$ <u>1,691,305</u>	<u>1,691,385</u>	<u>337,900</u>	<u>1,353,485</u>

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>420,066</u>	<u>1,284,367</u>

At December 31, 2025 and 2024, 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, 2025 and 2024 by fund:

	<u>2025</u>	<u>2024</u>
Unrestricted - operating fund	\$ <u>87,820</u>	<u>169,976</u>
Restricted:		
CDBG loan fund	\$ 518,231	1,253,940
Telecommunications fund	1,012,458	209,339
Section 108	44,445	43,402
Revolving loan fund	<u>28,351</u>	<u>27,686</u>
Total restricted	\$ <u>1,603,485</u>	<u>1,534,367</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, 2025 and 2024:

	Balance at January 1, <u>2025</u>	<u>Additions</u>	<u>Disposals</u>	Balance at December 31, <u>2025</u>
Equipment - grant related	\$ 352,485	-	-	352,485
Office equipment	<u>59,025</u>	-	-	<u>59,025</u>
	411,510	-	-	411,510
Accumulated depreciation	<u>(411,510)</u>	-	-	<u>(411,510)</u>
Total property and equipment	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Balance at January 1, <u>2024</u>	<u>Additions</u>	<u>Disposals</u>	Balance at December 31, <u>2024</u>
Equipment - grant related	\$ 352,485	-	-	352,485
Office equipment	<u>59,025</u>	-	-	<u>59,025</u>
	411,510	-	-	411,510
Accumulated depreciation	<u>(411,510)</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, 2025 and 2024.

(5) Loans Receivable

During the years ended December 31, 2025 and 2024, 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, 2025 and 2024 was comprised of one loan totaling \$4,225 and two loans totaling \$31,188, respectively. The loan receivable balance at December 31, 2025 was comprised of one loan making up 100% of the loan receivable balance and the loan receivable balance at December 31, 2024 was comprised of one loan making up 69% 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, 2025 are as follows:

	Balance January 1, <u>2025</u>	New <u>Loans</u>	<u>Payments</u>	<u>Write-offs</u>	Balance December 31, <u>2025</u>	Balance due in <u>one year</u>
Fruition Chocolate	\$ 9,699	-	(9,699)	-	-	-
Pika's Farm Table	21,489	-	(17,264)	-	4,225	4,225
	<u>\$ 31,188</u>	<u>-</u>	<u>(26,963)</u>	<u>-</u>	<u>4,225</u>	<u>4,225</u>

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

	Balance January 1, <u>2024</u>	New <u>Loans</u>	<u>Payments</u>	<u>Write-offs</u>	Balance December 31, <u>2024</u>	Balance due in <u>one year</u>
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>

(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, 2023 and 2024, 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. There were no reimbursable costs related to legal fees incurred by the Alliance for the year ended December 31, 2025. Reimbursable costs related to legal fees incurred by the Alliance for the year ended December 31, 2024 were \$5,119. As of December 31, 2025 and 2024, the imprest liability was \$16,073.

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. There were no reimbursable costs related to legal fees incurred by the Alliance for the year ended December 31, 2025. Reimbursable costs related to legal fees incurred by the Alliance for the year ended December 31, 2024 were \$14,400. As of December 31, 2025 and 2024, the imprest liability balance was \$106,837.

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 the Federal Coronavirus State and Local Fiscal Recovery Funds grant totaling \$1,000,000. During the year ended December 31, 2024, the Alliance recognized \$102,380 of revenue and expenses associated with this agreement. During the year ended December 31, 2025, the Alliance did not recognize any revenue or expenditures associated with this agreement.

(7) Restricted Net Position

Restricted net position consists of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
CDBG loan fund	\$ 490,687	1,253,495
Telecommunications fund	995,580	209,339
Section 108	44,445	43,402
Revolving loan fund	<u>28,351</u>	<u>27,686</u>
	<u>\$ 1,559,063</u>	<u>1,533,922</u>

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

(8) 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. 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.

Statement No. 105 - Subsequent Events. Effective for fiscal years beginning after June 15, 2026.

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, 2025

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue:			
Administrative fees	\$ 252,000	-	(252,000)
Interest on loans	-	501	501
Miscellaneous income	-	15	15
Interest on deposits	<u>5,700</u>	<u>43,716</u>	<u>38,016</u>
Total revenue	<u>257,700</u>	<u>44,232</u>	<u>(213,468)</u>
Expenses:			
Legal fees	60,000	24,520	35,480
Professional fees	196,500	51,243	145,257
Office	<u>1,200</u>	<u>1,318</u>	<u>(118)</u>
Total expenses	<u>257,700</u>	<u>77,081</u>	<u>180,619</u>
Excess (deficit) of revenue over expenses	<u>\$ -</u>	<u>(32,849)</u>	<u>(32,849)</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 the Ulster County Economic Development Alliance, Inc. (the Alliance), a blended component unit of Ulster County, New York, as of and for the year ended December 31, 2025, and the related notes to financial statements, which collectively comprise the Alliance's basic financial statements, and have issued our report thereon dated , 2026.

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
, 2026

INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE INVESTMENT GUIDELINES

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

Report on Investment Compliance

Opinion on Investment Compliance

We have audited the Ulster County Economic Development Alliance, Inc. (the Alliance), a blended component unit of Ulster County, New York, compliance with the types of compliance requirements identified as subject to audit in Section 2925(3)(f) of the New York State Public Authorities Law (the investment guidelines) that could have a direct and material effect on its investments for the year ended December 31, 2025.

In our opinion, the Alliance complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its investments for the year ended December 31, 2025.

Basis for Opinion on Investment Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the audit requirements of the investment guidelines. Our responsibilities under those standards and the investment guidelines are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Alliance and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the investment guidelines. Our audit does not provide a legal determination of the Alliance's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Alliance's investments.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Alliance's compliance based on our audit. 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, Government Auditing Standards and the investment guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Alliance's compliance with the requirements of the investment guidelines as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Alliance's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Alliance's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the investment guidelines, but not for the purpose of expressing an opinion on the effectiveness of Alliance's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the investment guidelines on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of investment guidelines will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the investment guidelines that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the investment guidelines. Accordingly, this report is not suitable for any other purpose.

Williamsville, New York
,2026

REPORT TO THE BOARD

, 2026

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

We have audited the financial statements of the Ulster County Economic Development Alliance, Inc. (the Alliance), a blended component unit of Ulster County, New York, as of and for the year ended December 31, 2025 and have issued our report thereon dated , 2026. Professional standards requires that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. Significant accounting policies used by the Alliance are described in note 2 to the financial statements. No new material accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2025. We noted no transactions entered into by the Alliance during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

For the year ended December 31, 2025, we evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

Significant Disclosures

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no material misstatements detected as a result of our audit procedures.

Disagreements with Management

For purposes of this report, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Alliance's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Alliance's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of revenue and expenses - budget to actual which accompany the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

This information is intended solely for the use of the Members of the Board of Directors and management of the Alliance and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

EFPR GROUP, CPAs, PLLC