

**DUTCHESS COUNTY
ECONOMIC
DEVELOPMENT
CORPORATION**

*ACCOUNTANTS' AUDIT REPORT
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION*

FOR THE YEAR ENDED DECEMBER 31, 2010

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

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION
ACCOUNTANTS' AUDIT REPORT
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AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010**

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial position of the Dutchess County Economic Development Corporation (a non-profit corporation) as of December 31, 2010, and the related statements of activities, expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Dutchess County Economic Development Corporation as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Rhinebeck, New York
June 16, 2011**

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>	
	<u>Economic</u>	<u>Dutchess</u>	<u>External</u>	<u>Tourism</u>	<u>Revolving</u>	<u>Workforce</u>	<u>All</u>	
	<u>Development</u>	<u>County</u>	<u>Marketing</u>	<u>Matching</u>	<u>Loan</u>	<u>Housing</u>	<u>Funds</u>	
		<u>Tourism</u>	<u>Council</u>	<u>Funds</u>	<u>Programs</u>	<u>Coalition</u>	<u>2010</u>	
ASSETS:								
Current Assets:								
Cash	\$	189,825	111,444	28,336	30	250,770	83,017	663,422
Accounts receivable		30,583	14,337	13,745				58,665
Prepaid expenses		1,147	2,796					3,943
Loan receivable						56,941		56,941
Due from other funds		<u>24,581</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>24,581</u>
Total current assets		<u>246,136</u>	<u>128,577</u>	<u>42,081</u>	<u>30</u>	<u>307,711</u>	<u>83,017</u>	<u>807,552</u>
Furniture and								
Equipment, at cost		69,208	64,659	1,356			873	136,096
Less: accumulated depreciation		<u>64,418</u>	<u>59,906</u>	<u>1,356</u>			<u>873</u>	<u>126,553</u>
		<u>4,790</u>	<u>4,753</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>9,543</u>
Total Assets	\$	<u>250,926</u>	<u>133,330</u>	<u>42,081</u>	<u>30</u>	<u>307,711</u>	<u>83,017</u>	<u>817,095</u>

The accompanying notes are an integral part of the financial statements.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION, (Continued)
DECEMBER 31, 2010

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	<u>Economic Development</u>	<u>Dutchess County Tourism</u>	<u>External Marketing Council</u>	<u>Tourism Matching Funds</u>	<u>Revolving Loan Programs</u>	<u>Workforce Housing Coalition</u>	<u>All Funds 2010</u>
LIABILITIES AND NET ASSETS:							
Current Liabilities:							
Accounts payable	\$ 7,667	3,240	585				11,492
Due to other fund			24,581				24,581
Deferred income	5,735	2,065					7,800
Benefits withheld	1,360						1,360
Accrued expenses	<u>5,729</u>	<u>3,038</u>					<u>8,767</u>
Total current liabilities	<u>20,491</u>	<u>8,343</u>	<u>25,166</u>	—	—	—	<u>54,000</u>
Long Term Liabilities:							
Revolving loan funds					<u>307,680</u>		<u>307,680</u>
Total long term liabilities	—	—	—	—	<u>307,680</u>	—	<u>307,680</u>
Net Assets:							
Unrestricted	230,435	124,987					355,422
Temporarily restricted			<u>16,915</u>	<u>30</u>	<u>31</u>	<u>83,017</u>	<u>99,993</u>
Total net assets	<u>230,435</u>	<u>124,987</u>	<u>16,915</u>	<u>30</u>	<u>31</u>	<u>83,017</u>	<u>455,415</u>
Total Liabilities and Net Assets	\$ <u>250,926</u>	<u>133,330</u>	<u>42,081</u>	<u>30</u>	<u>307,711</u>	<u>83,017</u>	<u>817,095</u>

The accompanying notes are an integral part of the financial statements.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	<u>Economic Development</u>	<u>Dutchess County Tourism</u>	<u>External Marketing Council</u>	<u>Tourism Matching Funds</u>	<u>Revolving Loan Programs</u>	<u>Workforce Housing Coalition</u>	<u>All Funds 2010</u>
SUPPORT AND REVENUES:							
Public and Private Support:							
Dues and contributions	\$ 99,881	70,936	94,897				265,714
Grants - Dutchess County	250,000	525,255		59,827			835,082
Grants - NYS Department of Economic Development				4,766			4,766
Grant – Dyson Foundation	485						485
Grant – Greenway		3,633					3,633
Grant – USDA rural business		27,290					27,290
Non-cash contributions		26,580					26,580
Dutchess County Industrial Development Agency	<u>141,391</u>	<u> </u>	<u>94,897</u>	<u> </u>	<u> </u>	<u> </u>	<u>236,288</u>
Total public and private support	<u>491,757</u>	<u>653,694</u>	<u>189,794</u>	<u>64,593</u>	<u> </u>	<u> </u>	<u>1,399,839</u>
Revenues:							
Professional admin contracts	147,968						147,968
Cooperative marketing							
Other revenues	11,958						11,958
Investment income	<u>635</u>	<u>155</u>	<u>10</u>	<u>16</u>	<u> </u>	<u>263</u>	<u>1,079</u>
Total revenues	<u>160,561</u>	<u>155</u>	<u>10</u>	<u>16</u>	<u> </u>	<u>263</u>	<u>161,005</u>
SUPPORT AND REVENUES							
(CARRIED FORWARD)	\$ <u>652,318</u>	<u>653,849</u>	<u>189,804</u>	<u>64,609</u>	<u> </u>	<u>263</u>	<u>1,560,843</u>

The accompanying notes are an integral part of the financial statements.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES, (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	<u>Economic Development</u>	<u>Dutchess County Tourism</u>	<u>External Marketing Council</u>	<u>Tourism Matching Funds</u>	<u>Revolving Loan Programs</u>	<u>Workforce Housing Coalition</u>	<u>All Funds 2010</u>
SUPPORT AND REVENUES							
(BROUGHT FORWARD) \$	652,318	653,849	189,804	64,609		263	1,560,843
Net assets released from restrictions							
Restrictions satisfied by payments	<u>256,312</u>	_____	<u>(191,522)</u>	<u>(64,790)</u>	_____	_____	_____
Total Support and Revenues	<u>908,630</u>	<u>653,849</u>	<u>(1,718)</u>	<u>(181)</u>	_____	<u>263</u>	<u>1,560,843</u>
EXPENSES:							
Program services	505,099	564,489					1,069,588
Supporting services:							
Management and general	437,534	12,000					449,534
Fundraising	<u>9,004</u>	<u>102,324</u>					<u>111,328</u>
Total expenses	<u>951,637</u>	<u>678,813</u>	_____	_____	_____	_____	<u>1,630,450</u>
INC(DEC)REASE IN ASSETS	(43,007)	(24,964)	(1,718)	(181)		263	(69,607)
NET ASSETS – BEG. OF YEAR	<u>273,442</u>	<u>149,951</u>	<u>18,633</u>	<u>211</u>	<u>31</u>	<u>82,754</u>	<u>525,022</u>
NET ASSETS – END OF YEAR	<u>\$ 230,435</u>	<u>124,987</u>	<u>16,915</u>	<u>30</u>	<u>31</u>	<u>83,017</u>	<u>455,415</u>

The accompanying notes are an integral part of the financial statements.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	<u>Economic Development</u>	<u>Dutchess County Tourism</u>	<u>External Marketing Council</u>	<u>Tourism Matching Funds</u>	<u>Revolving Loan Programs</u>	<u>Workforce Housing Coalition</u>	<u>All Funds 2010</u>
Salaries	\$ 408,440	316,164	115,623				840,227
Payroll taxes	37,130	29,317	10,653				77,100
Employee benefits	<u>82,661</u>	<u>71,300</u>	<u>21,210</u>				<u>175,171</u>
Total payroll expenses	528,231	416,781	147,486				1,092,498
Administrative fees		12,000					12,000
Advertising/Online advertising		70,152		60,715			130,867
Automobile expense	3,911	473					4,384
Board committee expense	1,713	78					1,791
Brochure distribution				4,075			4,075
Computer consulting	1,862	3,025	1,373				6,260
Depreciation	3,659	2,670	136				6,465
Dues and subscriptions	2,377	3,030	20,757				26,164
Dyson Foundation education expense	485						485
Education and training	1,290	545					1,835
Equipment operating leases	5,674	4,964					10,638
Grants to sub-recipients	21,391						21,391
Insurance	11,471	12,131	2,207				25,809
Marketing expense	48,049	22,887					70,936
Cooperative marketing			2,750				2,750
Marketing expense – non cash		26,580					26,580
Subtotal of Expenses (CARRIED FORWARD)	\$ <u>630,113</u>	<u>575,316</u>	<u>174,709</u>	<u>64,790</u>	_____	_____	<u>1,444,928</u>

The accompanying notes are an integral part of the financial statements.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF EXPENSES, (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	<u>Economic</u>	<u>Dutchess</u>	<u>External</u>	<u>Tourism</u>	<u>Revolving</u>	<u>Workforce</u>	<u>All</u>
	<u>Development</u>	<u>County</u>	<u>Marketing</u>	<u>Matching</u>	<u>Loan</u>	<u>Housing</u>	<u>Funds</u>
		<u>Tourism</u>	<u>Council</u>	<u>Funds</u>	<u>Programs</u>	<u>Coalition</u>	<u>2010</u>
Subtotal of Expenses (BROUGHT FORWARD)	\$ 630,113	575,316	174,709	64,790			1,444,928
Miscellaneous expense	199	204					403
USDA rural business grant		27,290					27,290
Occupancy	30,569	30,569	7,642				68,780
Office expense	2,658	2,600	1,211				6,469
Printing	732						732
Postage	1,945	12,097	1,320				15,362
Professional fees	7,059	6,306	1,195				14,560
Telephone	5,292	7,545	1,620				14,457
Trade shows		4802					4,802
Travel and meeting expenses	16,575	12,084	3,825				32,485
Loss on asset disposal	182						182
Total Expenses	\$ <u>695,324</u>	<u>678,813</u>	<u>191,523</u>	<u>64,790</u>	<u> </u>	<u> </u>	<u>1,630,450</u>

The accompanying notes are an integral part of the financial statements.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	Economic <u>Development</u>	Dutchess County <u>Tourism</u>	External Marketing <u>Council</u>	Tourism Matching <u>Funds</u>	Revolving Loan <u>Programs</u>	Workforce Housing <u>Coalition</u>	All Funds <u>2010</u>
CASH FLOWS FROM							
OPERATING ACTIVITIES							
Increase (decrease) in net assets	\$ (43,007)	(24,964)	(1,718)	(181)		263	(69,607)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:							
Adjustments:							
Depreciation	3,659	2,670	136				6,465
Loss on asset disposal	182						182
(Increase) or Decrease:							
Accounts receivable	4,801	(14,337)	3,955				(5,581)
Prepaid expenses	2,692	4,091					6,783
Increase or (Decrease):							
Accounts payable	3,372	(29,242)	585		(29)		(25,314)
Deferred income	(485)	2,065		(4,766)			(3,186)
Due to other funds	2,262		(2,262)				
Benefits withheld	1,579						1,579
Accrued expenses	<u>1,919</u>	<u>3,038</u>	—	—	—	—	<u>4,957</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(23,026)</u>	<u>(56,679)</u>	<u>696</u>	<u>(4,947)</u>	<u>(29)</u>	<u>263</u>	<u>(83,722)</u>

The accompanying notes are an integral part of the financial statements.

DUTCHESS COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted Funds</u>		<u>Temporarily Restricted Funds</u>				<u>Totals</u>
	<u>Economic Development</u>	<u>Dutchess County Tourism</u>	<u>External Marketing Council</u>	<u>Tourism Matching Funds</u>	<u>Revolving Loan Programs</u>	<u>Workforce Housing Coalition</u>	<u>All Funds 2010</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of fixed assets \$	<u>(699)</u>	<u>(1,630)</u>	_____	_____	_____	_____	<u>(2,329)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(699)</u>	<u>(1,630)</u>	_____	_____	_____	_____	<u>(2,329)</u>
CASH FLOWS FROM FINANCING ACTIVITIES							
Loans receivable					9,960		9,960
Restricted RLF funds					<u>3,790</u>		<u>3,790</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES					<u>13,750</u>		<u>13,750</u>
NET (DE)INCREASE CASH	<u>(23,725)</u>	<u>(58,309)</u>	<u>696</u>	<u>(4,947)</u>	<u>13,721</u>	<u>263</u>	<u>(72,301)</u>
CASH AT BEGINNING OF YEAR	<u>213,550</u>	<u>169,753</u>	<u>27,640</u>	<u>4,977</u>	<u>237,049</u>	<u>82,754</u>	<u>735,723</u>
CASH AT END OF YEAR \$	<u>189,825</u>	<u>111,444</u>	<u>28,336</u>	<u>30</u>	<u>250,770</u>	<u>83,017</u>	<u>663,422</u>

The accompanying notes are an integral part of the financial statements.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

See auditors' report.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED DECEMBER 31, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(d) **Furniture and Equipment** - Fixed assets are recorded at cost or estimated fair market value at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Depreciation expense charged to the total operations for the year ended December 31, 2010 was \$6,465.

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

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

(g) **Advertising Costs** – All advertising costs for the company are expensed as incurred. The total for the year ended December 31, 2010 is \$204,553.

FURNITURE AND EQUIPMENT

A summary of furniture and equipment at December 31, 2010 are as follows:

	Beginning of Year	2010 Additions	2010 Disposals	End of Year
EDC - equipment	\$ 71,018	699	(2,509)	69,208
WHC – equipment	873			873
DCT – equipment	65,899	1,630	(2,869)	64,659
EMC- equipment	<u>1,356</u>			<u>1,356</u>
	\$ <u>139,146</u>	<u>2,329</u>	<u>(5,378)</u>	<u>136,096</u>

See auditors' report.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED DECEMBER 31, 2010

REVOLVING LOAN PROGRAM

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

In 2009, one loan is outstanding, a \$75,000 promissory note payable in 7 years in February 2016, with a 3.25% interest rate. As of December 31, 2010, the loans receivable amount has been reduced to \$56,941.

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

PROFESSIONAL ADMINISTRATIVE CONTRACTS

During the years ended December 31, 2010, DCEDC received administration fees from various sources.

The Dutchess County Tourism (DCT) (unrestricted fund), a department of DCEDC pays EDC an annual administrative surcharge determined by the Board of Directors. The fee was \$12,000 for the year 2010.

As the administrator of the Poughkeepsie/Dutchess Economic Development Zone, EDC received an annual administrative fee determined by total expenditures of the Zone. The total administrative income figure was \$27,917 for the 2010 fiscal year. In addition, the salary, payroll tax and fringe benefit reimbursement from the Poughkeepsie/Dutchess Economic Development Zone in the amount of \$108,052 for 2010, has been recorded as administration fee income.

The Poughkeepsie/Dutchess Economic Development Zone is going to be dissolved in June 30, 2011.

See auditors' report.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED DECEMBER 31, 2010

EMPLOYEE BENEFIT PROGRAMS

DCEDC administers a flexible spending benefit package to all full time employees whereby the employees each receive \$12,400 in 2010 annually to go towards family health and dental insurance coverage and/or a tax shelter 403(b) retirement plan. Management level employees with written contracts may have a different taxable benefit package.

GRANTS

Dutchess County awarded Dutchess County Tourism a grant of \$59,827 in 2010. The New York State Department of Economic Development Division of Tourism awarded the DCEDC Tourism a \$59,827 matching grant for year 2009. \$4,767 of NYS matching funds was deferred to year 2010.

Total grant monies received for the fiscal year ended December 31, 2010 were \$64,594. Total fund expenses were for the following items:

		<u>2010</u>
Advertising	\$	60,715
Brochure Distribution		<u>4,075</u>
	\$	<u>64,790</u>

External Marketing Council received a grant from the DCIDA for the purpose of maintaining an extensive marketing program. The grant is to match all private contributions received for this purpose up to \$115,000. As of December 31, 2010, \$94,897 was awarded. Private contributions received from outside sources totaled \$94,897 during 2010.

EDC received \$19,678 during 2010 from the DCIDA for the Trade Show Grants. The objective of this fund is to encourage job retention and creation. During 2010, all of these funds were granted to sub-recipients.

EDC received \$1,713 during 2010 from the DCIDA for the Employee Training Fund Grant to the Spectra Watt, Inc. The total grant is \$18,065 for calendar year 2010, but only \$1,713 was used and therefore received.

See auditors' report.

**DUTCHESS COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED DECEMBER 31, 2010

GRANTS, Continued

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

Dutchess County	\$ <u>835,082</u>
DCIDA	\$ <u>236,288</u>

EDC was awarded a \$12,500 grant from the Dyson Foundation during 2006. Its purpose is to further public education and increase outreach to county legislatures and officials. As of December 31, 2010 \$6,765 was expended leaving \$5,735 as deferred income to 2011.

On July 22, 2004, EDC signed an agreement with The Dyson Foundation. A grant of \$277,900 was awarded by the Dyson Foundation for the Workforce Housing Coalition over three-year period from July 1, 2004 through July 1, 2007. As of December 31, 2010, \$83,017 remained unassigned of this grant and is being retained by EDC at the direction of the Dyson Foundation until such time as a mutually agreed upon use of these funds is determined.

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

EDC received a \$3,633 Greenway grant from the Hudson River Valley National Heritage Area in 2010. The total grant is \$5,000 and the purpose of this grant is to provide funding for a Hudson Valley experimental tours brochure and thumb drive promotion. The remaining \$1,367 grant will be used in 2011.

See auditors' report.

**DUTCHESS COUNTY ECONOMIC
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NOTES TO THE FINANCIAL STATEMENTS
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YEAR ENDED DECEMBER 31, 2010

TEMPORARILY RESTRICTED FUNDS

All temporarily restricted remaining funds have been either designated by donors or by grant restrictions to be used the following fiscal year for the purpose by which the original funds were intended. The following is a list of temporarily restricted fund balances as of December 31, 2010:

<u>Fund</u>	<u>Purpose</u>	<u>2010</u>
External Marketing Council	Marketing attraction	\$ 16,915
Tourism Matching Funds	Promotion programs	30
Revolving Loan Program	Loan purposes	31
Workforce Housing Coalition	Low income housing	<u>83,017</u>
		<u>\$ 99,993</u>

OCCUPANCY

DCEDC uses space rental of 4,921 square feet. The rent includes all utilities and taxes. Following an extensive competitive analysis of the rental market, DCEDC committed to a renewal term of three years ending February 28, 2013. Rent paid to landlord during 2010 was \$76,423 (including \$7,642 paid by the Poughkeepsie/Dutchess Economic Development Zone).

RELATED PARTY TRANSACTIONS

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

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

See auditors' report.

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OPERATING LEASES

As of December 31, 2010, DCEDC had the following operating leases in effect. A Ford Motor Credit lease of a 2008 Mercury Sable started on June 27th, 2008. This lease is for 38 months at \$431.12 per month. Total lease payments owed as of December 31, 2010 are \$3,019.

DCEDC has a US Bank lease of a 2008 Saturn Aura XE that started on September 11th, 2008. This lease is for 38 months at \$410.46 per month. Total lease payments owed as of December 31, 2010 are \$4,104.

DCEDC has a copier lease with Ikon Financial. It is a 4 year lease started on September 14, 2006. The monthly lease payment is \$656.00. This lease was expired on 9/14/2010. A new copier lease with Ikon financial is a 4 year lease started on December 1, 2010. The monthly lease payment is \$250.88. Total lease payments owed as of December 31, 2010 are \$11,791.

DCEDC has a postage meter & scale lease with Pitney Bowes. The new lease is a 51 months lease started on June 30, 2008. The monthly lease payment is \$319.00. Total lease payments owed as of December 31, 2010 are \$6,699.

CONCENTRATION OF CREDIT RISK

DCEDC had cash balances in excess of the insurance protection limits provided by the FDIC program, which is \$250,000 effective until 12/31/2012 at each banking institution. The following is a summary of bank balances over the limit as of December 31, 2010:

		<u>2010</u>
TD Bank North	\$	394,956
HSBC Bank USA	\$	141,094
M&T Bank	\$	111,365

See auditors' report.

**DUTCHESS COUNTY ECONOMIC
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YEAR ENDED DECEMBER 31, 2010

CONTRIBUTED SERVICES

DCT has received contributed products for tourism promotion totaling \$26,580 during 2010. These amounts have been recorded as non cash contribution income and marketing expenses.

DCEDC also received contributed services valued at approximately \$74,100 from volunteers during 2010. Inasmuch that contributed services were not specialty skills or contribution of non-financial assets, these amounts have not been recorded as revenue or offsetting expense.

See auditors' report.