



Choose Columbia

Columbia Economic Development Corporation

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION NOTICE OF MEETING

Please take notice that there will be a meeting of the Columbia Economic Development Corporation Board on March 29, 2016 at 8:30am at 4303 Route 9, Hudson, NY 12534 for the purpose of discussing any matters that may be presented to the Corporation for consideration.

Dated: March 22, 2016

Sarah Sterling

Secretary

Columbia Economic Development Corporation

CEDC Board of Directors Agenda

Members:

Russell Bartolotta	Triona Fritsch	Ed Nabozny
Rick Bianchi	Tony Jones	Michael Polemis
Jim Campion	Kim Keil	Robert Sherwood
David Fingar	James Lapenn	Colin Stair
Greg Fingar	John Lee	Sarah Sterling
Tish Finnegan	Jim Mackerer	Scott Wood

1. Minutes, February 23, 2016*
2. Chairman's Report
3. Treasurer's Report*
4. Interim President/CEO Report
 - a. CRC Grant*
 - b. 2015 CEDC Operations and Accomplishments*
 - c. Assessment of Internal Controls*
5. Committee Reports
 - a. Executive Committee
 - b. Audit & Finance Committee
 1. Auditor's Management Letter*
 2. 2015 Financial Statements*
 - c. Loan Committee
 1. Talbott, Arding Co. LLC*
 2. Basilica Industries, LLC*
 - d. Governance & Nominating Committee
6. By-Law Amendments
7. Public Comments

Attachments:

Draft February 23, 2016 minutes

Treasurer's Report

2015 CEDC Operations and Accomplishments

Assessment of Internal Controls

Draft Auditor's Management Letter

Draft 2015 Financial Statements

Basilica Industries, LLC Writeup

Talbott, Arding Co. LLC Writeup

* Requires Approval



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MINUTES COLUMBIA ECONOMIC DEVELOPMENT CORPORATION

Tuesday, February 23, 2016

4303 Route 9

Hudson, NY 12534

A regularly scheduled meeting of the Columbia Economic Development Corporation (CEDC) Board of Trustees was held at their offices located at 4303 Route 9, Hudson, NY 12534 on February 23, 2016. The meeting was called to order at 8:30a.m. by Tony Jones, Chair.

Attendee Name	Title	Status	Arrived
Russell Bartolotta	Board Member	Present	
Rick Bianchi	Board Member	Present	
Jim Champion	Board Member	Present	
David Fingar	Vice-Chairman	Present	
Greg Fingar	Board Member	Excused	
Tish Finnegan	Board Member	Excused	
Triona Fritsch	Board Member	Present	
Tony Jones	Chairman	Present	
Kim Keil	Board Member	Excused	
James Lapenn	Board Member	Present	
John Lee	Board Member	Present	
Jim Mackerer	Board Member	Excused	
Ed Nabozny	Board Member	Present	
Michael Polemis	Board Member	Present	
Robert Sherwood	Treasurer	Excused	
Colin Stair	Board Member	Excused	
Sarah Sterling	Secretary	Present	
Scott Wood	Board Member	Present	
Andy Howard	CEDC Attorney	Present	
F. Michael Tucker	Interim President/CEO	Present	
Lisa Drahushuk	Administrative Supervisor	Present	
Martha Lane	Business Development Specialist	Present	
Erin McNary	Bookkeeper	Present	
Carol Wilber	Marketing Director	Present	
Katie Kocijanski	Reporter, Register Star	Present	

Mr. Jones welcomed the newest Board members present, Triona Fritsch and James Lapenn. He stated the third newly elected Board member, Tish Finnegan had a prior commitment and would be at the March Board Meeting.

Minutes:

Mr. Wood made a motion, seconded by Mr. D. Fingar to approve the minutes from January 15, 2016. Carried.

Chairman's Report:

Mr. Jones stated he planned on presenting the strategic plan to the Board at the March meeting for approval and then presenting it at the CEDC annual meeting. The notice for the CEO search would be posted with a deadline of March 23. He stated the first Board workshop had been completed and the report had been distributed to the full board. Mr. Jones stated the members of the County Economic Development Committee had received the report at last night's meeting. Mr. Jones stated the next step was the public meeting being held this Friday, February 26th at Columbia Greene Community College. The gathered information would then be crafted into a document.

Mr. Jones gave brief project updates: *Ginsberg* - there had been no construction activity the property; *Broadband* - the County Board of Supervisors would be holding a public presentation in March; *Hudson Valley Creamery CDBG* - public hearings would be held later today and March 7th; *Goat Genetic project* - more groundwork being done; *Intake Form* - Mr. Tucker was creating an intake form to be used for tracking projects and inquiries; *Board orientation manual* - Online contains links for training and other resources; *Membership* - Currently approximately \$30,000 and 35 members.

Mr. Jones urged the Board members to contact one new business person every month to increase membership as well as keep familiar with the services CEDC offers. Mr. Jones stated he had authorized an additional payment covering 2 days to Mr. Tucker due to the amount of time he had spent on the Ginsberg CDBG issue.

Treasurer's Report:

Mr. Tucker referred the Board's attention to the summary sheets, noting he was working with the accountants on a new chart of accounts and the ability to have Quickbooks create the summary report. He noted the operating profit and loss showed a \$45,000 loss. He stated the county funding was received quarterly and had not been received as of the date of the report. Ms. McNary stated the funding had been received on Monday. He stated he would ask the accountants to accrue the revenue on a monthly basis.

Mr. Tucker stated the profit and loss showed the SBA contribution \$4,200 less than the budgeted amount. He noted this was a timing issue as was the case with the consultants and insurance lines. He stated that the loan loss reserves had been discussed at the Loan Committee.

Mr. Tucker noted the accountants had asked for several write-offs to clean up the balance sheet. He stated that would not mean the loans were forgiven, and collection attempts would continue.



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Mr. Tucker stated he had reviewed the vendors for CEDC and stated all vendors of services over \$5,000 had gone through a procurement process. *Mr. D. Fingar made a motion, seconded by Mr. Wood approving the Treasurer's Report as presented. Carried.*

Interim President/CEO Report:

Mr. Tucker stated the on-line Board Orientation Manual had been completed and thanked Ms. Costine for completing the project with the assistance of Ms. Wilber and Mrs. Drahushuk. He stated he would be cleaning up the website with Ms. Wilber in order to make it more user friendly. He stated he planned on setting up time to meet with the new members to answer any questions they may have.

Mr. Tucker stated the job description would be posted on the NYS Department of Labor job site, Times Union, Register Star, Business Reviw and the International Economic Development Council job listing, as well as other sites. He noted it was a diverse group of posting locations. He stated the ads for the position would be placed tomorrow.

Grant to Capital Resource Corporation for Operating Expenses:

Mr. Tucker reviewed the CRC and its purpose. He noted he had run a report listing all the not-for-profits in the County and he would begin marketing the CRC to them. He noted the organization currently didn't have enough funds to pay for insurance or accounting fees. He noted the IDA is prohibited by law from lending or granting funds so he was asking CEDC to fund CRC in order to keep it viable for the current year, with the understanding that it would be evaluated for continued viability. He asked for a motion to fund the CRC in the amount of a \$2,500 grant. *Mr. Bianchi made the motion, seconded by Mr. Lapenn. Carried. Ms. Sterling abstained from the vote.*

Goat Research Center Study Administrative Agreement:

Mr. Tucker informed the Board that the County had submitted and been awarded a Consolidated Funding Application for a goat genetics study. He noted the county had asked CEDC to assist the County by administering the grant. He noted the grant required CEDC to spend \$150,000 in order to recoup the \$75,000, but at the present time the only financial obligation CEDC had, is to provide \$7,500. He noted in-kind services can be used as matching funds under the grant terms.

While Mr. Tucker noted the goal was to remove CEDC as the administrator of grants to businesses, the role as administrator for the County was within the duties outlined in the contract with Columbia County. Mr. Jones informed the Board that U.S. goat herds produce only 60% of the output of goats elsewhere in the world. He stated the goal of the study was to make the genetics available in order to increase output to a competitive rate.

Mr. Tucker stated if CEDC was unable to find the matching \$75,000 needed, the project would have to be re-evaluated. *Mr. Wood made a motion, seconded by Mr. Lee to approve contract with Columbia County for the Goat Research Center Study. Carried with Mr. Lapenn and Ms. Sterling abstaining.*

Committee Reports:

Executive Committee:

Mr. Jones stated he had worked with the Governance and the Executive Committee to create the search committee. He introduced the search committee members, Mr. Stair, Ms. Sterling, Mr. D. Fingar, Mr. Nabozny, himself and Mr. Champion who agreed to serve as chairman of the committee. Mr. Jones explained he had approached Mr. Champion as search committee chairman due to his extensive experiences with searches under public transparency.

Mr. Champion thanked Mr. Jones for the opportunity to guide the search forward. He noted confidentiality was especially important with a public Board search, for the CEDC Board and for the candidates. He noted it demands mutual respect. He extended an invitation for the board members to contact him inquiries or areas in which to probe for candidates. He stated he is committed to finding the best possible candidate.

Mr. Champion indicated he had addressed the search committee impressing upon them the tremendous obligation it is to sit upon this committee. He urged them to attend all interviews and stated he has model rubrics available for their use. He asked the members to contact him with their suggestions.

Mr. Jones informed the Board that Mr. Tucker will be acting as staff support, with Mrs. Drahushuk receiving all emailed applications. He informed the Board that the job description had received feedback from the County Economic Development Committee. Their suggestions included make the interactions with the County clearer, and clarifying that the person selected would be committed to fulfilling the goals of the strategic plan. Mr. Jones asked the Board for their input. Mr. Tucker asked that the Board members write their suggestions on a copy of the job descriptions, return it to him so the description will be ready to be distributed and posted tomorrow.

Audit and Finance:

Mr. Bianchi stated the engagement letter had been received from the auditors, he will review, sign and return if there are no problems. Mr. Tucker stated the auditors have agreed to review the books quarterly. Mr. Tucker stated the cost of the audit had decreased from the prior year. Mr. Bianchi stated the reduction in cost was due to the increased threshold of federal money. He stated CEDC was below the threshold which required a single audit. He noted that the procurement process had been followed and the accounting services would be sent out to bid next year, the third year of the three year term.

Loan Committee:



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Mr. Tucker stated Ms. Lane had just returned from a seminar. Ms. Lane stated the seminar discussed credit analysis and reporting in detail. She gave a brief overview for the Board.

Mr. Tucker stated the loan fund currently has \$20,000 in past due CEDC loan payments. He reviewed the original loan, noting a modification agreement had been negotiated with Mr. Calcagno. The past due interest would be brought current, the balance of \$45,776 would be paid over a 42 month term at 7% interest. Mr. Howard stated the closing could take place as soon as the end of the week. Mr. Tucker stated the Loan Committee agreed the restructure was important. *Mr. Sterling made a motion, seconded by Mr. Lee to approve the restructure of the loan. Carried.* Mr. Howard informed the Board he had sent a letter regarding CEDC's collateral for the Pete's Gone Fishin' loan to the purchaser of the building. They have agreed to purchase the collateral which would go toward the loan repayment.

Mr. Tucker stated a modification of the Monkshead Nursery was being negotiated. He noted the remainder of the loans were slow payers, who were expected to continue paying.

Mr. Tucker stated the SBA had a current past due of less than \$4,000, consisting of several loans that are 30 days past due. He noted several of these businesses were seasonal. Mr. Bianchi informed the Board that the SBA would not allow payment schedules to be adjusted for seasonal payments.

Writeoff's:

Greenport Crossings:

Mr. Tucker reviewed the bankruptcy documents with Mr. Howard, noting it would allow for some minimal payment in the settlement agreement. He stated the auditors recommended writing the loan off to remove it from the balance sheet. *Mr. Lee made a motion, seconded by Mr. Bianchi to approve the write off of the Greenport Crossing debt. Carried.*

Aerocity:

Mr. Bianchi stated this was an old loan. Mrs. Draushuk stated collection efforts had been successful in collecting some of the debt, but the company had no assets and the attorney charged with the collection had suggested further efforts would be fruitless. *The Loan Committee had recommended writing off the balance. Mr. Bianchi made a motion, seconded by Mr. Lee to write off the remaining balance of the Aerocity loan. Carried.*

Loan Approvals:

Ms. Lane stated there was one loan request from Warm Winds LLC., principals Lisa Ross and Adair Kleinpeter. The request was for \$25,000 at 7.25% interest for a term of 72 months. The project is expected to create 1.5 new jobs. The principals plan to open a retail store in Hudson selling imported furniture, décor and personal items. The collateral will be a lien on all business assets. Ms. Lane stated the funds would be used to purchase furniture, fixtures, inventory and working capital.

Mr. Bianchi stated the Loan Committee had recommended the loan be approved by the full board. *Ms. Sterling made a motion, seconded by Mr. D. Fingar. Carried. Mr. Polemis abstained from the vote.*

Governance and Nominating Committee:

Mr. Wood stated the Board still had 2 vacancies, but it was the consensus of the Committee that there was no immediate urgency to fill them. He noted there was one interview scheduled for the next committee meeting. He stated the committee would be looking to the Board for candidate suggestions.

Strategic Planning:

Mr. Jones reminded the Board that the Strategic Planning public session would be held February 26th at 1:30pm at Columbia Greene Community College. He stated to date 86 people would be attending.

Mr. Tucker stated the first Board session had been successful and the County economic development committee had been briefed on the plan. He stated Mary Ellen O'Loughlin who had worked for CEG on their creative economy strategy would be facilitating the public session.

He stated the goal was not to guide the discussion, but to solicit any and all ideas from the public, similar to the CREDC and URI meetings previously held at the College. He reminded the Board of the followup to the retreat being held on March 4th at 8:30am at the Opera House. Mr. Tucker stated he anticipated having an early draft in mid - March in time for another Board session. Mr. Jones stated the plan would be ready for final Board approval at the March 29th meeting and presented to the CEDC Members at the April 19th annual meeting. Mr. Tucker stated the plan would be presented to the Board of Supervisors at their May meeting.

Having no other business to discuss and no public comments, a motion to adjourn was made by Mr. Wood, seconded by Ms. Sterling. Carried. The meeting was adjourned at 9:56 a.m.

Respectfully submitted by Lisa Draushuk

Columbia County Economic Development Corp.
 Income and Expenses

Feb-16

	Operating	Small Cities	CEDC Loans	CEDC Micro	SBA Micro	Total
Income	117,621.23		5,005.11	-	4,828.68	127,455.02
Expenses	112,700.15	2,000.00	2,000.00	1,464.38	(846.46)	117,318.07
Net Ordinary Income	4,921.08	-	3,005.11	1,464.38	5,675.14	15,065.71
						-
Other Income	-	6,488.82			11,250.00	17,738.82
Other Expenses	-					-
Net Other Incomes	-	6,488.82			11,250.00	17,738.82
Net Income	4,921.08	4,488.82	3,005.11	(1,464.38)	16,925.14	27,875.77

COLUMBIA COUNTY ECONOMIC DEVELOPMENT CORP.
Balance Sheet

Feb-16

	Operating	Small Cities	CEDC Loans	CEDC Micro	SBA Micro	Total
ASSETS						
Current Assets	822,936.51	437,886.61	269,754.50	5,685.03	730,053.63	2,266,316.28
Fixed Assets	114,424.65					114,424.65
Other Assets	34,912.00	238,962.01	835,363.97			1,109,237.98
TOTAL ASSETS	972,273.16	676,848.62	1,105,118.47	5,685.03	730,053.63	3,489,978.91
LIABILITIES						
Current Liabilities	13,290.00		-	3,375.00		16,665.00
Long Term Liabilities	25,500.00	194,269.77			534,286.64	754,056.41
TOTAL LIABILITIES	38,790.00	194,269.77	-	3,375.00	534,286.64	770,721.41
TOTAL EQUITY	933,483.16	482,578.85	1,105,118.47	2,310.03	195,766.99	2,719,257.50
TOTAL LIABILITIES & EQUITY	972,273.16	676,848.62	1,105,118.47	5,685.03	730,053.63	3,489,978.91

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 Accrual Basis

CEDC-Operating Fund
Balance Sheet
 As of February 29, 2016

	Feb 29, 16
ASSETS	
Current Assets	
Checking/Savings	
Operating Accounts	
1006 - NUBK MM ckg	257,382.78
1000 Checking -First Niagara	58,575.15
1009 - FNB - SAVINGS (New)	471,978.58
Total Operating Accounts	787,936.51
Total Checking/Savings	787,936.51
Other Current Assets	
Accounts Receivable	
1212 - Goat Farm Grant	35,000.00
Total Accounts Receivable	35,000.00
Total Other Current Assets	35,000.00
Total Current Assets	822,936.51
Fixed Assets	
Furniture	3,385.95
Commerce Park Land	114,734.00
Equipment, Net of Depreciation	
Acc.Dep.-Computers & Equipment	-9,854.90
Computers & Equipment	2,886.60
Equipment, Net of Depreciation - Other	3,273.00
Total Equipment, Net of Depreciation	-3,695.30
Total Fixed Assets	114,424.65
Other Assets	
website	9,412.00
Comm. Pk Land Sale Recv.	
1813 - Limz Group LLC	25,500.00
Total Comm. Pk Land Sale Recv.	25,500.00
Total Other Assets	34,912.00
TOTAL ASSETS	972,273.16
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
BEHOLD - N.L. ACCT.	-9,216.00
5% of donation exp.	-176,686.58
BEHOLD Expenses	105,000.00
BEHOLD Grant Inc.	80,902.58
BEHOLDI New Lebanon Income	80,902.58
Total BEHOLD - N.L. ACCT.	
Land Deposit	
P. Harpis # 2	4,500.00
Blocam LLC	2,000.00
Greenwood Realty Inc. (Limz)	
Greenwood Realty Inc Exp	-3,260.00
Greenwood Realty Inc. (Limz) - O...	4,500.00
Total Greenwood Realty Inc. (Limz)	1,240.00
HRVH, LLC (Harpis)	2,250.00
Keyser Realty, LLC	
Keyser Realty, LLC Exp.	-1,200.00
Keyser Realty, LLC - Other	4,500.00
Total Keyser Realty, LLC	3,300.00

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CEDC-Operating Fund
Balance Sheet
As of February 29, 2016

	<u>Feb 29, 16</u>
Total Land Deposit	13,290.00
Total Other Current Liabilities	13,290.00
Total Current Liabilities	13,290.00
Long Term Liabilities	
Due to Columbia Cty Land Sale	
2515 - Limz Group	25,500.00
Total Due to Columbia Cty Land Sale	25,500.00
Total Long Term Liabilities	25,500.00
Total Liabilities	38,790.00
Equity	
SBA Grant Income	20,242.75
Net Assests Empire Zone	77.84
Net Assets - F499 Grant Restrict	108,765.07
Net Assets Unrestricted	773,357.13
Retained Earnings	26,119.29
Net Income	4,921.08
Total Equity	933,483.16
TOTAL LIABILITIES & EQUITY	<u>972,273.16</u>

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CEDC-Operating Fund Profit & Loss Budget vs. Actual January through February 2016

	Jan - Feb 16	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4040 - Membership/Fund Raising				
Sustaining Membership	2,500.00			
Full Membership	3,900.00			
Associate Membership	1,400.00			
MicroBiz Membership	125.00			
4040 - Membership/Fund Raising - Ot...		10,000.00	-10,000.00	
Total 4040 - Membership/Fund Raising	7,925.00	10,000.00	-2,075.00	79.3%
4060 - Columbia County Income	109,250.00	109,250.00		100.0%
4100 - Bank/Miscellaneous Income				
4080 - Other Income	100.00		179.55	207.7%
4100 - Bank/Miscellaneous Income - ...	346.23	166.68		
Total 4100 - Bank/Miscellaneous Income	446.23	166.68	279.55	267.7%
Total Income	117,621.23	119,416.68	-1,795.45	98.5%
Expense				
Grant to CRC	2,500.00			
CEDC - Contribution Exp.to SBA	11,250.00	15,450.00	-4,200.00	72.8%
Office & Other Service Expense				
5103 - Comp/Equip & Leasing & Maint.	2,919.95	2,575.00	344.95	113.4%
5302 - Telephone & Fax	634.63	772.50	-137.87	82.2%
5303 - Internet	207.90	240.34	-32.44	86.5%
5304 - Office Supplies & Printing	214.02	858.34	-644.32	24.9%
5308 - Travel & Entertainment	1,366.47	515.00	851.47	265.3%
5312 - Rent & Utilities	4,065.60	4,065.60		100.0%
5401 - Conference & Training	695.00	772.50	-77.50	90.0%
5500 - Dues & Subscriptions	3,115.00	2,060.00	1,055.00	151.2%
5601A - Consultants				
Strategic Plan	1,648.00		-9,856.18	47.0%
5601A - Consultants - Other	8,750.00	18,606.18		
Total 5601A - Consultants	10,398.00	18,606.18	-8,208.18	55.9%
5314 - Postage	305.26	274.68	31.58	111.5%
5315A - Misc. Office Expenses	526.41	858.34	-331.93	61.3%
Total Office & Other Service Expense	24,449.24	31,598.48	-7,149.24	77.4%
Direct Program Expenses				
58023 - Start Up New York		1,300.00	-1,300.00	
5804 - Web Site		686.68	-686.68	
Total Direct Program Expenses		1,986.68	-1,986.68	
Fringe Benefits				
5007 - Health Insurance	3,200.00	3,433.34	-233.34	93.2%
5009 - Employer Taxes				
Disability	-31.20			
FUTA	83.27			
Medicare	845.74			
Social Security	3,616.22			
5009 - Employer Taxes - Other		6,008.34	-6,008.34	
Total 5009 - Employer Taxes	4,514.03	6,008.34	-1,494.31	75.1%
Total Fringe Benefits	7,714.03	9,441.68	-1,727.65	81.7%
Personnel				
6068A - Marketing Manager	10,768.16	10,768.18	-0.02	100.0%
5067 A - Business Dev Spec.	8,729.68	8,729.68		100.0%
5066 A - Economic Dev. Specialist	5,464.52	5,464.50	0.02	100.0%
5001A - Payroll Services	140.50	291.84	-151.34	48.1%
5005A - Bookkeeper	8,625.00	8,625.00		100.0%
5006A - Office Manager	9,060.52	9,060.50	0.02	100.0%
5031A - Economic Developer	4,688.00	4,688.00		100.0%
5065A - Vacation Buy Back				
Total Personnel	47,476.38	47,627.70	-151.32	99.7%
5201 - Insurance	3,791.93	6,180.00	-2,388.07	61.4%
5602 - Legal and accounting Fees	4,559.70	858.34	3,701.36	531.2%
5701 - Marketing	4,480.88	3,261.88	1,219.20	137.4%
5703 - New Initiatives		4,166.68	-4,166.68	
5603 - Accounting and Audit Fees	6,477.99	15,450.00	-8,972.01	41.9%
Total Expense	112,700.15	136,021.24	-23,321.09	82.9%
Net Ordinary Income	4,921.08	-16,604.56	21,525.64	-29.6%

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Accrual Basis

CEDC-Operating Fund
Profit & Loss Budget vs. Actual
January through February 2016

	Jan - Feb 16	Budget	\$ Over Budget	% of Budget
Net Income	4,921.08	-16,604.56	21,525.64	-29.6%

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Accrual Basis

CDBG Small Cities
Balance Sheet
As of February 29, 2016

	Feb 29, 16
ASSETS	
Current Assets	
Checking/Savings	
1001 - NUBK CDBG Checking	7,413.33
1003-NUBK Svgs DM	430,473.28
Total Checking/Savings	<u>437,886.61</u>
Total Current Assets	437,886.61
Other Assets	
Loan Recv - GOSC- 267ED760-11	
L/R - HVCreamery (Grant)	60,000.00
L/R - HVCreamery (Loan)	91,222.46
Total Loan Recv - GOSC- 267ED760-11	<u>151,222.46</u>
Loans Recv	
HV Creamery	44,692.24
Total Loans Recv	<u>44,692.24</u>
Loans Recv.-CDBG 267ED424-02	
1247 L/R Angello's Distributing	43,047.31
Total Loans Recv.-CDBG 267ED424-02	<u>43,047.31</u>
Total Other Assets	<u>238,962.01</u>
TOTAL ASSETS	<u><u>676,848.62</u></u>
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
Def Rev. - GOSC 267ED760-11	
Def. Rev - HVCreamery (Grant)	60,000.00
Def. Rev HVCreamery (Loan)	91,222.46
Total Def Rev. - GOSC 267ED760-11	<u>151,222.46</u>
Deferred rev.CDBG-267ED424-02	
2549 Angello's Distributing, I	43,047.31
Total Deferred rev.CDBG-267ED424...	<u>43,047.31</u>
Total Long Term Liabilities	<u>194,269.77</u>
Total Liabilities	194,269.77
Equity	
Retained Earnings	478,090.03
Net Income	4,488.82
Total Equity	<u>482,578.85</u>
TOTAL LIABILITIES & EQUITY	<u><u>676,848.62</u></u>

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Accrual Basis

**CDBG Small Cities
Profit & Loss
January through February 2016**

	<u>Jan - Feb 16</u>
Ordinary Income/Expense	
Expense	
Professional Fees	
5017 Accounting	2,000.00
Total Professional Fees	<u>2,000.00</u>
Total Expense	<u>2,000.00</u>
Net Ordinary Income	-2,000.00
Other Income/Expense	
Other Income	
Loan Int Income HVCreamery	387.70
Grant Income - 267ED760-11	
Loan Int. Inc.	787.79
Loan Rec. Principal	<u>4,413.49</u>
Total Grant Income - 267ED76...	5,201.28
5021 Bank Interest Income	55.98
Grant Income - 267ED424-02	
5023 Loan Interest Inc.	222.54
5024 Loan Recv Principal	<u>621.32</u>
Total Grant Income - 267ED42...	<u>843.86</u>
Total Other Income	<u>6,488.82</u>
Net Other Income	<u>6,488.82</u>
Net Income	<u><u>4,488.82</u></u>

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 03/07/16
 Accrual Basis

**CEDC-Loan Program
 Balance Sheet
 As of February 29, 2016**

	Feb 29, 16
ASSETS	
Current Assets	
Checking/Savings	
NUBK Accounts	
NUBK Statement Svgs DM 095	239,088.24
NUBK -M.M. Savings 8498	16,775.77
NUBK -Loan Program Checking 648	13,890.49
Total NUBK Accounts	269,754.50
Total Checking/Savings	269,754.50
Total Current Assets	269,754.50
Other Assets	
Allowance for loan loss	-483,000.00
Notes Recv	
1313 · N/R AeroCity, LLC	25,950.00
1317 · N/R Country Squire	2,163.57
1325 · N/R Barlow Hospitality	14,828.87
1327 · N/R Chatham Brewing, LLC	33,217.99
1347 · N/R Chatham Cafe & Dell, Inc.	23,330.25
1340 · N/R CrossRoads	3,491.00
1326 · N/R Dyison, Inc. (HCW)	19,826.56
1322 · N/R Germantown Variety, Inc.	34,485.80
1319 · N/R Greenport Crossings	142,685.18
1331 · N/R Hudson-Athens Retail Ven...	19,759.07
1330 · N/R Hudson Cruises Inc.	47,970.14
1346 · N/R J.E.M. Woodworking #2	29,088.21
1319 · N/R LaBella of Valatie, Inc.	14,189.94
1351 · N/R Linda Marrish (Pond)	148,209.00
1312 · N/R Mario's Home Center	38,442.82
1328 · N/R Monkshood Nursery, LLC	8,467.72
1314 · N/R NancyScans Corporatio	19,346.10
1350 · N/R Olde Hudson, LLC	39,120.92
1348 · N/R Pagoda Home, Inc.	24,129.67
1343 · N/R Paul Calcagno	45,775.87
1324 · N/R Parr Inabar Corp.	20,234.88
1342 · N/R Pete's Gone Fishin, LLC	9,450.16
1323 · N/R Phoenix Services Group, ...	124,790.32
1329 · N/R RonnyBrook Farm	17,877.34
1344 · N/R Scheriff Electrical Service	21,001.19
1345 · N/R Vanderbilt House, LLC	23,031.40
Total Notes Recv	950,863.97
Bus District Improv. Prg. Grant	
1360 · Barlow Hospitality	5,000.00
Total Bus District Improv. Prg. Grant	5,000.00
Grants	
1316 · N/R Local Ocean, LLC (Grant)	167,500.00
1315 · Greenport Crossings, LLC(G...	35,000.00
1321 · Flanders (Grant)	160,000.00
Total Grants	362,500.00
Total Other Assets	835,363.97
TOTAL ASSETS	1,105,118.47
LIABILITIES & EQUITY	
Equity	
3000 · Net Assets-Temporarily Restrict	1,240,112.35
3900 · Retained Earnings	-137,998.99
Net Income	3,005.11
Total Equity	1,105,118.47

11:29 AM
03/07/16
Accrual Basis

CEDC-Loan Program
Balance Sheet
As of February 29, 2016

	<u>Feb 29, 16</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,105,118.47</u></u>

11:29 AM
03/07/16
Accrual Basis

CEDC-Loan Program
Profit & Loss
January through February 2016

	<u>Jan - Feb ...</u>
Income	
4000 - Interest on Loan Receiva...	4,895.13
4010 - Bank Interest Income	34.98
4020 - Late Charges, Overpayment	75.00
Total Income	<u>5,005.11</u>
Expense	
5400 - Professional fees	2,000.00
Total Expense	<u>2,000.00</u>
Net Income	<u><u>3,005.11</u></u>

11:35 AM
03/07/16
Accrual Basis

SBA-Microloan
Balance Sheet
As of February 29, 2016

Feb 29, 16

ASSETS

Current Assets

Checking/Savings

Bank of Greene Cnty RLF #5	89,629.27
Bank of Greene Cnty LLR #5	43,808.48
FNB -RLF #3 (New)	60,606.28
FNB - LLR#3 (New)	39,304.18
First Niagara RLF #4	59,251.68
First Niagara LLR #4	42,532.71

Total Checking/Savings 335,132.60

Accounts Receivable

Allowance for loan loss -29,000.00

Total Accounts Receivable -29,000.00

Other Current Assets

SBA Loans Receivable

SBA #3 Loans Receivable

Barrett - Country Squire	805.79
Barlow Hospitality, LLC	11,863.24
Davi's Delights	1,863.68
E-Z Foods of NorthEast #2	3,413.38
Germantown Variety, Inc.	3,684.82
Georgia Ray's Kitchen, LLC	509.55
Hudson-Athens Retail Venture	18,512.42
JEM Woodworking & Cabinets,...	1,433.60
J.E.M Woodworking #2	22,743.09
McDaris Fine Art	4,331.55
W.Finks,dba Primitive Twig	9,901.34

Total SBA #3 Loans Receivable 79,062.46

Total SBA Loans Receivable 79,062.46

SBA #4 Loans Receivable

Beths Farm Kitchen	6,578.41
Beth's Farm Kitchen #2	9,777.05
Chatham Brewing, LLC	16,885.92
Dirtworx	20,063.15
Dylson, Inc. (HCW)	13,116.05
EZ Foods of the Northeast, LLC	781.55
Hudson Clothier (Williams)	17,976.72
Mairanda's Cutting Edge	1,312.75
Monkshood Nursery	5,884.86
Old Klaverack Brewery (Bell)	21,837.01
Parr Inabar Corporation	8,655.04
RonnyBrook Farm Dairy	17,877.34

Total SBA #4 Loans Receivable 140,745.85

SBA #5 Loans Receivable

Olde Hudson, LLC	34,230.81
Black Forest Flammkuchen	15,907.31
Brigid Dorsey, dba les collines	17,975.64
Chatham Cafe & Deli, Inc.	23,330.25
J.Swartz - Sm. Engine Repair #2	9,446.72
Laundress at Sip n Suds	8,481.12
Pagoda Home	24,129.67
Scheriff Electrical Services	21,001.19
Vanderbilt House, LLC	21,274.32
Verdigris Tea, LLC	28,335.69

Total SBA #5 Loans Receivable 204,112.72

Total Other Current Assets 423,921.03

Total Current Assets 730,053.63

11:35 AM
03/07/16
Accrual Basis

**SBA-Microloan
Balance Sheet**
As of February 29, 2016

	Feb 29, 16
TOTAL ASSETS	<u><u>730,053.63</u></u>
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
Loans Payable to SBA	
Loan Payable to SBA #5	278,009.21
Loan Payable to SBA #4	173,974.26
Loan Payable to SBA #3A	82,303.17
Total Loans Payable to SBA	<u>534,286.64</u>
Total Long Term Liabilities	<u>534,286.64</u>
Total Liabilities	534,286.64
Equity	
Retained Earnings	178,841.85
Net Income	16,925.14
Total Equity	<u>195,766.99</u>
TOTAL LIABILITIES & EQUITY	<u><u>730,053.63</u></u>

11:35 AM
03/07/16
Accrual Basis

**SBA-Microloan
Profit & Loss**
January through February 2016

	<u>Jan - Feb 16</u>
Ordinary Income/Expense	
Income	
SBA Incoming	
Bank Interest SBA LLR	39.69
Late Fee & Misc.Fee	19.43
Interest Earned on SBA Lo...	4,699.06
Bank Interest - SBA RLF	70.50
Total SBA Incoming	<u>4,828.68</u>
Total Income	4,828.68
Expense	
SBA Outgoing	
Interest on Loans from SBA	<u>-846.46</u>
Total SBA Outgoing	<u>-846.46</u>
Total Expense	<u>-846.46</u>
Net Ordinary Income	5,675.14
Other Income/Expense	
Other Income	
CEDC Operating Contribution	<u>11,250.00</u>
Total Other Income	<u>11,250.00</u>
Net Other Income	<u>11,250.00</u>
Net Income	<u><u>16,925.14</u></u>

11:31 AM
03/07/16
Accrual Basis

CEDC-MicroBusiness Program
Balance Sheet
As of February 29, 2016

	<u>Feb 29, 16</u>
ASSETS	
Current Assets	
Checking/Savings	
Cash, Evergreen Checking	5,685.03
Total Checking/Savings	<u>5,685.03</u>
Total Current Assets	<u>5,685.03</u>
TOTAL ASSETS	<u>5,685.03</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Application Fees (Net Advan...	3,375.00
Total Other Current Liabilities	<u>3,375.00</u>
Total Current Liabilities	<u>3,375.00</u>
Total Liabilities	3,375.00
Equity	
3900 - Retained Earnings	3,774.41
Net Income	<u>-1,464.38</u>
Total Equity	<u>2,310.03</u>
TOTAL LIABILITIES & EQUITY	<u>5,685.03</u>

11:31 AM
03/07/16
Accrual Basis

CEDC-MicroBusiness Program
Profit & Loss
January through February 2016

	<u>Jan - Feb ...</u>
Ordinary Income/Expense	
Expense	
Technical Assistan...	1,462.38
Administration	2.00
Total Expense	<u>1,464.38</u>
Net Ordinary Income	<u>-1,464.38</u>
Net Income	<u><u>-1,464.38</u></u>

Columbia Economic Development Corporation

Operations and Accomplishments

January 1, 2015 – December 31, 2015

Operations:

The Columbia Economic Development Corporation (CEDC) assists businesses with financial incentives, technical assistance, loans, site location assistance and training. Since 1992, CEDC has helped hundreds of local businesses through its MicroBusiness program, technical assistance program, revolving loan funds, Community Development Block Grant loans and Empire Zone program.

Accomplishments:

- Newsletters and eblasts were distributed to 800 recipients.
- Onsite business visits were conducted to current and potential clients. Visitations included technical assistance recipients, microloan recipients and current and potential loan clients.
- Approved for a \$55,255 grant from the U.S. Small Business Administration for the provision of technical assistance.
- Provided technical assistance to 37 small business owners in Columbia and Greene Counties.
- Conducted an 8 week MicroBusiness Seminar Series that graduated 13 entrepreneurs.
- Closed on 8 SBA microloans totaling \$209,500. Five CEDC loans closed, totaling \$222,000. Three existing loans were modified.
- Submitted a Consolidated Funding Application to NYS on behalf of Hudson Valley Creamery, which was awarded \$500,000 in funding and \$500,000 in Excelsior Tax credits.
- Awarded contract for sewer and water feasibility study along the Route 66 corridor.
- Reviewed and adopted a new conflict of interest policy, a new code of ethics and appointed the Secretary of the corporation as Ethics Officer, reviewed, completed and submitted confidential board evaluation, mission and measurements statement, 2014 audited financials, assessment of internal controls.
- Held board retreat, updated the mission statement, began restructuring of the organization, including the adoption of amended updated by-laws, formation of a governance and nominating committee, audit and finance committee, executive committee and a loan committee.
- Continued partnership with the Columbia Greene Workforce Investment Board.

Columbia Economic Development Corporation
Assessment of the Effectiveness of Internal Control Structure and
Procedures

The management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2015, and has concluded that based on its assessment, the Corporation's internal control over financial reporting was effective as of December 31, 2015.



Choose Columbia

Columbia Economic Development Corporation

MEMORANDUM

TO: CEDC Loan Committee
FROM: Martha E. Lane, Business Development Specialist
RE: Loan Request
DATE: March 1, 2016

Applicant: Talbott, Arding Co. LLC
Mona Talbott and Kate Arding

Amount: \$25,000 SBA Microloan

Project: Talbott & Arding Cheese and Provisions opened in November 2014. It is a retail and wholesale operation that sells specialty food products, provides catering services, and produces prepared foods and house brands

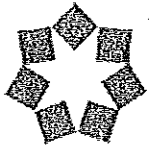
Purpose: Working Capital

Interest Rate: 7.25%

Term: 72 months

Collateral: Lien on all business assets, including furniture, fixtures, displays, equipment, inventory, and accounts receivables.

Jobs: Project is expected to retain eight jobs



Choose Columbia

Columbia Economic Development Corporation

MEMORANDUM

TO: CEDC Loan Committee
FROM: Martha E. Lane, Business Development Specialist
RE: Loan Request
DATE: March 14, 2016

Applicant: Basilica Industries LLC
Melissa Auf der Maur and Tony Stone
110 South Front Street
Hudson, NY 12534

Amount: \$35,000 SBA Microloan

Project: Basilica Industries LLC is a rental business. Its principals partner with a wedding planner to rent the building for weddings and galas. Basilica is also rented by local businesses and non-profits for fundraising events and expos.

Purpose: Purchase equipment, supplies, and materials to expand the wedding rental business.

Interest Rate: 7.00%

Term: 60 months

Collateral: Lien on all business assets, including furniture, fixtures, equipment, electronics, inventory, and accounts receivables.

Jobs: Project is expected to retain 1.5 jobs and add 2 part time jobs.



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Jon Rath, CPA (Retired)

Jean Howe Lossi, EA
Carol LaMont Howe, EA
Dennis A. O'Brien, CPA

To the Board of Directors and
F. Michael Tucker of the Columbia Economic Development Corporation

In planning and performing our audit of the basic financial statements of Columbia Economic Development Corporation as of and for the year ended December 31, 2015, 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, we considered Columbia Economic Development Corporation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of Columbia Economic Development Corporation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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 may exist that have not been identified.

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

DRAFT

March __, 2016
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465 Washington Ave.
Kingston, NY 12401
Tel: 845-331-5030
Fax: 845-331-0242

Current Years Observations and Recommendations

Other Matters

1. Monthly Reporting

Observation

The Board of Directors approves an annual budget that it uses to set expectations when monitoring actual financial results that transpire over the course of the year. Management enters the budget into the Organization's QuickBooks general ledger for reporting purposes. The budget is entered into QuickBooks for each month by dividing 1/12th of the annual budget. Management accounts for financial transactions primarily using the cash basis each month and makes accrual adjustments primarily at the end of the year prior to the annual audit.

By entering the budget on a straight-line basis, actual financial transactions that do not occur in that pattern could appear unusual over the course of the year when in fact the results could meet expectations. In addition, recording activity on the cash basis does not necessarily reflect the Organization's earnings for the period which may ultimately be significantly different if such accrual adjustments are not prepared until the end of the year.

Recommendation

We recommend management prepare its monthly budget in QuickBooks on the accrual basis and enter each month based on the actual timing anticipated for the underlying transactions. In addition, we recommend management formalize a monthly closing checklist that outlines each procedure that is necessary to ensure that all accrual adjustments are recorded prior to management's monitoring of actual monthly results versus budget.

2. General Ledger Structure / Chart of Accounts

Observation

The Organization has established a number of QuickBooks company files to track its "funds". In addition, the Company has established a multitude of bank accounts and general ledger accounts to track financial activity for specific funding sources (i.e. grants, revolving loan funds) as well as its lending activity. Certain activity is required by law and/or the funding source to be tracked separately and in certain instances in separate bank accounts. However, other activity could be consolidated to increase efficiency and to simplify reporting. The current volume of general ledger and bank accounts increases the amount of effort needed to prepare financial reports. Given the number of QuickBooks files, the current reporting process is not designed to consolidate the activity to facilitate management and the Board of Director's monitoring procedures.

Recommendation

We recommend management update its chart of accounts and consider consolidating QuickBooks Company files and bank accounts where permitted by law and/or funding sources. We recommend management improve its reporting by consolidating financial results in an automated fashion. For example, customize the Organization's QuickBooks file to track program and administrative activity by use of class codes. In addition, management should consider when consolidating bank accounts which banks offer direct deposit scanners to improve efficiencies.

3. Grant Agreement

Observation

We found during our audit that one of the Organization's contingent grant agreements included language related to the recipient's compliance with employment goals that was different than what was communicated and understood by management.

Recommendation

We recommend the Organization formalize a policy and procedure that outlines the criteria to be addressed in each contingent grant agreement, and that electronic schedules be maintained and updated to insure compliance with all grant and loan covenants. We recommend that each material agreement be reviewed by the Organization's audit committee to ensure that the language in the agreement meets specific criteria outlined in the Organization's policy.

4. Commerce Park

Observation

During 2015, a certain Commerce Park transaction was treated differently than what has been done historically. For example, the Limz Group transaction was accounted for by the Columbia County IDA ("IDA") instead of the Organization and certain of the financial activity was accounted for and processed by the Organization instead of the IDA. In addition, during the year, certain commerce park activity transpired but was not formalized with an agreement in a timely manner.

Recommendation

We recommend management formalize a policy and procedure, for Board review and approval, as it relates to entering into Commerce Park agreements. The procedure should ensure that the key terms of the agreement are communicated to finance, the terms are consistent with the Organization's policy, and the participant meets the Organization's criteria for qualification. In addition, all cash receipts should be accompanied by appropriate workpaper backup, including legal documents, where applicable.

5. Membership Accounting Integration

Observation

During 2015, the Organization implemented a new membership program.

Recommendation

We recommend management consider the following as it pertains to the new membership program:

- Consider purchasing membership database software that integrates with QuickBooks and the Organization's web site to increase efficiencies and to implement an automated procedure for interacting with members and prospective members.
- Until such software is purchased, track membership revenue and billings directly in QuickBooks and empower Finance to track billings and collections.
- Simplify the accounting by billing annual membership renewals quarterly (for the upcoming year) and amortize such annual membership revenue monthly.

6. Human Resources and Payroll

Observation

The Organization's personnel policies and procedures are limited and not robust. There is risk that such policies may not comply with updated laws and regulations.

Recommendation

We recommend the Organization engage a qualified human resource professional to perform a comprehensive review of the Organization's human resource policies and procedures. In particular, this review should address the following:

- Exempt vs. non-exempt employee classifications (overtime, comp time, vacation, etc.)
- Health insurance and cafeteria plan
- Pension benefits / ERISA compliance / 401(k) and 403(b) options

7. Loan Programs

Observation

The Organization is a qualified Small Business Administration (SBA) lender. In addition, the Organization offers other loans to applicants under other loan programs. Certain loan applicants are awarded loans under multiple loan programs including the SBA. The SBA is more restrictive as it pertains to charging off loans when they become past due. In recent years, management has "spread the risk" of an individual borrower by allocating the total loan between SBA and general loan funds. This practice could be perceived as avoiding the more stringent SBA rules.

As an SBA lender, the Organization is also required to lend a certain amount of the funds over a period of time and if such money is not lent out expeditiously, the SBA may remove the Organization's privileges.

Recommendation

We recommend the Organization formalize a policy and procedure over lending to a single borrower. The policy should be clear as to the borrower's participation and qualification for each of the loan programs. In addition, the policy should be clear as to how payments received from a borrower are applied to outstanding loan balances not to favor the more restrictive SBA program. In addition, a complete review of all policies and approvals (from application, underwriting, closing, and post-closing) should be completed with revised policies and procedures reviewed and approved by the Loan Committee and Board.

8. Internal Controls and Efficiencies

Observation

Over the years, the Organization has grown and expanded its programs. Procedures have developed to accommodate such change and have incorporated internal controls procedures to mitigate risk. Certain of the procedures have become redundant and new procedures may be more efficient while maintaining adequate internal controls.

Recommendation

We recommend management engage someone independent of management to review certain procedures in finance to identify inefficiencies and make recommendations (including additional technology applications) for management to consider with the objective to improve overall organizational efficiencies, as well as improved communications amongst departments.

9. Risk Assessment

Observation

The Organization operates in an environment that is highly regulated and warrants robust policies and procedures to ensure compliance. In addition, non-compliance could result in significant negative consequences in the areas of reputation and funding.

Recommendation

We recommend management formalize an enterprise wide risk assessment and develop policies and procedures to mitigate significant risks with a focus on compliance with laws and regulations.

10. Fiscal Sponsorships

Observation

In recent years, the Organization has been approached to act in the capacity of a fiscal sponsor/agent for certain organizations that are aspiring to be non-profit organizations.

Recommendation

We recommend the Organization formalize a policy that spells out what criteria are necessary for the Organization to consider acting in the capacity of a fiscal sponsor or agent. The risks of acting in this capacity must be evaluated against the reward (i.e. fee earned) taking into account the amount of effort the Organization must incur to carry out the administrative services. Since acting in this capacity is not the primary objective of the Organization's mission, we first recommend the Organization consider identifying and recommending other non-profit organizations that are designed to act in this capacity.

11. Public Authorities Reporting Information System (PARIS)

Observation

Since the Organization has been designated a Public Authority, we have assisted management with the preparation of its annual reporting in PARIS. The information that is input in PARIS is derived directly from data we receive from management and ties directly back to the Organization's books and records. This process is very time consuming. Ultimately, the filing of the PARIS report is the Organization's obligation.

Recommendation

We recommend the Organization develop procedures and seek the appropriate training in order to have the capability to prepare the reporting in PARIS by March 31st each year. We can assist management and transfer our knowledge to make this transition more effective and efficient. Our role with then be to ensure that the information management is presenting is consistent with the financial statements and supplemental schedules we report on.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(a component unit of the County of Columbia, New York)
FINANCIAL STATEMENTS
(and Reports of Independent Auditors)

December 31, 2015
(with memorandum totals for December 31, 2014)

DRAFT

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of County of Columbia, New York)
December 31, 2015
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Jon Rath, CPA (Retired)

Jean Howe Lossi, EA
Carol LaMont Howe, EA
Dennis A. O'Brien, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of
Columbia Economic Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Columbia Economic Development Corporation (a not-for-profit component unit of the County of Columbia, New York) (the "Corporation"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Columbia Economic Development Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Columbia Economic Development Corporation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Columbia Economic Development Corporation, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 6 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 audit 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March __, 2016 on our consideration of Columbia Economic Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbia Economic Development Corporation's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Columbia Economic Development Corporation's 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kingston, New York
March __, 2016

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2015

1. Introduction:

Within this section of the Columbia Economic Development Corporation's (the "Corporation") financial statements, the Corporation's management provides narrative discussion and analysis of the financial activities of the not-for profit Corporation for the year ended December 31, 2015. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements for the year ended December 31, 2015.

2. Overview of the Financial Statements:

The Corporation's basic financial statements include: (1) financial statements, and (2) notes to the financial statements.

Financial Statements:

The Corporation's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Corporation is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated over their useful lives. See notes to the financial statements for a summary of the Corporation's significant accounting policies.

The *Statement of Net Position* presents information on the Corporation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Corporation's financial position.

The *Statement of Revenues, Expenses and Change in Net Position* presents information showing how the Corporation's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future periods.

The *Statement of Cash Flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Corporation's cash accounts are recorded in this statement. A reconciliation is provided at the bottom of the statement of cash flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

Notes to Financial Statements:

The accompanying notes to the financial statements provide information essential to a full understanding of the basic financial statements.

See independent auditors' report

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2015

3. Financial Highlights:

Net position decreased \$245,977 during the year ended December 31, 2015. Operating expenses increased \$96,287 or 13.3%, primarily due to an increase in the allowance for loan losses of \$100,000. Operating revenues decreased \$158,350 or 39% primarily due to non-recurring contributions as a result of the dissolution of Columbia Development Leasing Corp received in 2014 of \$113,330 not received in 2015. Non-operating activity in 2015 resulted in a loss of \$114,990 primarily due to a payment to the County of Columbia, New York of \$114,000 related to a land transaction that is not expected to recur.

Total assets decreased by \$240,188 or 6.97% and total liabilities decreased \$8,436 or 0.01%. Cash and cash equivalents was \$1,472,602 at December 31, 2015, a decrease of \$117,906 from December 31, 2014. The Corporation borrowed \$100,000 from the Small Business Administration (SBA) for the SBA loan program and overall total loans increased by \$90,902 to \$1,426,853 net of an allowance for loan loss of \$240,865 at December 31, 2015.

4. Financial Statement Analysis:

Below is a comparative summary of the Corporation's Statements of Net Position as of December 31:

	2015	2014
Assets		
Capital assets	\$ 6,540	\$ 121,067
Other assets	3,199,052	3,324,713
Total assets	<u>\$ 3,205,592</u>	<u>\$ 3,445,780</u>
Current liabilities	\$ 160,262	\$ 141,321
Long-term liabilities	527,869	555,246
Deferred inflow of resources	14,225	-
Net position		
Unrestricted	2,314,340	2,413,413
Capital	6,540	121,067
Restricted	182,356	214,733
Total liabilities, deferred inflows, and net position	<u>\$ 3,205,592</u>	<u>\$ 3,445,780</u>

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2015

4. Financial Statement Analysis (Continued):

Below is a comparative summary of the Corporation's statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Operating revenues		
Charges for services	\$ 35,675	\$ 20,032
Interest from loans	84,708	56,970
Grant revenues	124,945	158,633
Contributions	-	162,342
Other operating revenues	2,439	8,140
Total operating revenues	<u>247,767</u>	<u>406,117</u>
Non-operating revenues		
Columbia County appropriation	437,000	437,000
Interest earnings	668	3,559
Total non-operating revenues	<u>437,668</u>	<u>440,559</u>
Total revenues	<u>685,435</u>	<u>846,676</u>
Operating expenditures		
Personnel and benefits	339,615	355,408
Professional service contracts	40,615	42,045
Grants and contributions	94,734	129,816
Rent and office	62,227	61,898
Consulting	88,647	22,131
Other operating expenditures	189,916	108,169
Total operating expenditures	<u>815,754</u>	<u>719,467</u>
Nonoperating expenditures		
Reimbursement to related party	114,000	-
Interest	1,658	-
Total nonoperating expenditures	<u>115,658</u>	<u>-</u>
Total expenditures	<u>931,412</u>	<u>719,467</u>
Total (expenditures in excess of revenues)/revenues		
in excess of expenditures	(245,977)	127,209
Net position at the beginning of the year	<u>2,749,213</u>	<u>2,622,004</u>
Net position at the end of the year	<u>\$ 2,503,236</u>	<u>\$ 2,749,213</u>

The revenue budget for 2015 was \$550,500 with projected income of \$23,539.

Total revenues were 24.5% more than budget, primarily due to greater than anticipated interest revenue generated from the outstanding loans. The Corporation also generated more grant income than expected. Total expenditures were more than budget by 76.7%, primarily due to \$114,000 paid to a related party as a result of the land sale to Ginsberg's as well as an increase in the allowance for loan losses of \$100,000. Consulting fees were also higher than the budget by \$62,647 due to the Executive Director's resignation and the hiring of a consultant as the interim Executive Director.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2015

5. Additional Information:

This report is prepared for the use of the Corporation's audit committee, management, federal awarding agencies and pass through entities, and members of the public interested in the affairs of the Corporation. Questions with regard to this financial report or requests for additional information may be addressed to the Executive Director, Columbia Economic Development Corporation, 4303 Route 9, Hudson, NY 12534.

DRAFT

COLUMBIA ECONOMIC DEVELOPEMENT CORPORATION

(A Component Unit of Columbia County, New York)

STATEMENT OF NET POSITION

December 31, 2015 (with memorandum only totals at December 31, 2014)

	2015	2014 (memorandum only)
Current assets:		
Cash and cash equivalents	\$ 1,472,602	\$ 1,590,508
Restricted cash	240,229	273,279
Prepaid expenses	447	407
Grants receivable	35,000	24,578
SBA receivable	23,921	-
Loans receivable, current portion	300,933	288,213
Total current assets	<u>2,073,132</u>	<u>2,176,985</u>
Property and equipment, net:		
Equipment, net of \$12,418 of accumulated depreciation	6,540	6,333
Land	-	114,734
Total property and equipment, net	<u>6,540</u>	<u>121,067</u>
Other assets:		
Loans receivable, less current portion, net of allowance of \$240,865	1,125,920	1,147,728
Total other assets	<u>1,125,920</u>	<u>1,147,728</u>
Total assets	<u>3,205,592</u>	<u>3,445,780</u>
Current liabilities:		
Accounts payable	10,607	3,531
Accrued expenses	8,202	6,815
Land deposits	12,050	12,300
Due to BEHOLD! New Lebanon	5,201	-
Due to related party	1,240	-
Loans payable - SBA, current portion	68,363	65,826
Unearned revenue, current portion	54,599	52,849
Total current liabilities	<u>160,262</u>	<u>141,321</u>
Non-Current Liabilities:		
Loans payable-SBA, long-term portion	403,163	372,407
Unearned revenue, long-term portion	124,706	182,839
Total non-current liabilities	<u>527,869</u>	<u>555,246</u>
Total liabilities	<u>688,131</u>	<u>696,567</u>
Deferred inflows of resources		
Deferred membership income	14,225	-
Total deferred inflows of resources	<u>14,225</u>	<u>-</u>
Net position:		
Unrestricted	2,314,340	2,413,413
Invested in capital assets	6,540	121,067
Restricted		
Commerce Park principal	71,817	71,817
SBA microloan	110,539	135,122
BEHOLD!	-	7,794
Total net position	<u>\$ 2,503,236</u>	<u>\$ 2,749,213</u>

See independent auditors' report and accompanying notes

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the years ended December 31, 2015 (with memorandum only totals for 2014)

	2015	2014 (memorandum only)
Operating Revenues:		
Administrative fees - related parties	\$ 28,751	\$ 17,500
Grant revenue	124,945	88,731
Grant revenue - CDBG	-	11,315
Grant revenue - Agriculture & Market	-	58,587
Contribution revenue - BEHOLD!	-	49,012
Fiscal agent administrative income	6,924	2,532
Contribution from CDLC	-	113,330
Interest on loans	84,708	56,970
Other income	2,439	8,140
Total operating revenues	<u>247,767</u>	<u>406,117</u>
Operating Expenses:		
Personnel expense	339,615	355,408
Grant expense	94,734	60,000
Grant expense - Agriculture & Market	-	58,587
Office expense	62,227	61,898
Contribution - HVADC	-	11,229
Program delivery fees	40,917	20,663
Project expenses - BEHOLD!	-	41,218
Professional fees	40,615	42,045
Consulting	88,647	22,131
Insurance	5,040	5,287
Marketing	39,062	16,767
Depreciation	2,563	2,377
Bad debt expense	100,000	21,656
Interest- Commerce Park Loan	201	201
Miscellaneous	2,133	-
Total operating expenses	<u>815,754</u>	<u>719,467</u>
Operating loss	<u>(567,987)</u>	<u>(313,350)</u>
Non-Operating Revenues (Expenses):		
Bank interest	668	3,559
Reimbursement to related party	(114,000)	-
Interest expense	(1,658)	-
Total Non-Operating Revenues (Expenses)	<u>(114,990)</u>	<u>3,559</u>
Appropriation from County of Columbia, NY	437,000	437,000
Change in net position	(245,977)	127,209
Net position, beginning of the year	2,749,213	2,622,004
Net position, end of year	<u>\$ 2,503,236</u>	<u>\$ 2,749,213</u>

See independent auditors' report and accompanying notes

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of Columbia County, New York)
STATEMENT OF CASH FLOWS

For the years ended December 31, 2015 (with memorandum only totals for 2014)

	2015	2014 (memorandum only)
Cash flows from operating activities:		
Administrative fees - related parties	\$ 28,751	\$ 17,500
Principal disbursed on loans receivable	(342,228)	(482,500)
Principal received on loans receivable	291,316	510,452
Principal received from Commerce Park	-	3,278
Membership contributions	14,225	-
Grant revenue	34,219	25,901
Grant-Agricultural and market	-	58,587
Grant- SBA	-	20,311
Grant- CDBG	-	11,315
Contribution - BEHOLD!	-	49,012
Contribution from CDLC	-	113,330
Cash on behalf of BEHOLD	5,201	-
Cash collected on behalf of related party	1,240	-
Fiscal agent administrative income	6,924	-
Interest on loans	84,708	56,970
Payments to employees	(339,615)	(355,408)
Payments to vendors	(290,419)	(276,173)
Other income	2,439	10,672
Net cash used for operating activities	(503,239)	(236,753)
Cash flows from noncapital financing activities:		
Principal disbursed on Commerce Park	-	(3,278)
Appropriation from County of Columbia, NY	437,000	437,000
Payments on SBA loans	(66,707)	(60,336)
Proceeds from SBA loans	100,000	125,000
Net cash provided by noncapital financing activities	470,293	498,386
Cash flows from investing activities:		
Purchase of equipment	(2,770)	(150)
Reimbursement to related party for land	(114,000)	-
Interest paid	(1,658)	-
Interest received	668	3,559
Net cash (used for) provided by investing activities	(117,760)	3,409

See independent auditors' report and accompanying notes notes

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION

(A Component Unit of Columbia County, New York)

STATEMENT OF CASH FLOWS (CONTINUED)

For the years ended December 31, 2015 (with memorandum only totals for 2014)

Cash flows from capital and related financing activities:		
Land deposits	\$ (250)	\$ 9,000
Restricted cash	33,050	(103,429)
Net cash provided by capital and related financing activities	<u>32,800</u>	<u>(94,429)</u>
Net (decrease) increase in cash and cash equivalents	(117,906)	170,613
Cash and cash equivalents at beginning of year	1,590,508	1,419,895
Cash and cash equivalents at end of year	<u>\$ 1,472,602</u>	<u>\$ 1,590,508</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (567,987)	\$ (313,350)
Depreciation expense	2,563	2,377
Provision for loan loss	100,000	21,656
Contingent grant	(40,000)	40,000
Loss on grant of land	114,734	-
Deferred membership income	(14,225)	-
Changes in assets and liabilities:		
Prepays	(40)	429
Loans receivable	(70,912)	27,952
SBA receivable	(23,921)	20,311
Grant receivable	(10,422)	(11,326)
Commerce Park principal	-	3,278
Accounts payable	7,076	3,152
Due to BEHOLD! New Lebanon	5,201	-
Due to related parties	1,240	-
Unearned Revenue	(7,933)	(31,504)
Accrued expenses	1,387	272
Net cash used in operating activities:	<u>\$ (503,239)</u>	<u>\$ (236,753)</u>
Non-Cash Activity		
Contingent grant earned	<u>\$ 20,000</u>	<u>\$ 20,000</u>

See independent auditors' report and accompanying notes notes

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

1. Nature of Organization:

Financial Reporting Entity:

The Columbia Economic Development Corporation ("CEDC" or the "Corporation") was organized as a not-for-profit entity for the purpose of promoting and developing industry and job development in Columbia County, New York. The Corporation is a component unit of Columbia County, is a separate entity, and operates independently of the County.

In February 1995, the Corporation agreed to consolidate administrative operations with Hudson Development Corporation ("HDC") to better coordinate efforts in promoting economic development in Columbia County. The new entity, Columbia Hudson Partnership, LLC (the "Partnership"), managed both organizations' operations. In 2003, an agreement was signed to dissolve The Partnership and in 2006 the CEDC purchased the entire equity share of HDC. The Corporation now, in effect, solely owns the assets of the Partnership.

Programs of the Corporation:

Operating Fund

The operating fund derives its revenues primarily from Columbia County appropriations and from administrative fees from related parties such as Columbia County Capital Resource Corporation ("CRC") and Columbia County Industrial Development Agency ("CCIDA"). The fund also derives revenue from interest from loan receivables.

Loan Program – Revolving loan fund

The loan program offers loans to local businesses at a discounted interest rate to attract business to the County as well as expand business growth from existing businesses already located in the County. The fund also is used to continue offering the Microbusiness seminar series and is used to fund expenses as it applies to the administration and delivery of programs.

The loan program receives grant money from time to time from CDBG-NYS. As a requirement of the grant, the loan program awards a contingent grant (usually based on employment goals) to local organizations after meeting certain NYS grant requirements. If requirements of the grant are not met by the local organization, the grant converts to a loan. The Corporation treats these arrangements as loans until the contingencies are met. As of December 31, 2015, the Corporation's loans receivables include \$240,000 of these loan types comprised of:

	Original Loan Balance	Loan Balance at December 31, 2015
Flanders/Precisionaire Corporation	\$ 200,000	\$ 200,000
Local Ocean	167,500	-
Hudson Valley Creamery	100,000	40,000
	<u>\$ 467,500</u>	<u>\$ 240,000</u>

The Local Ocean loan was in default and written off in 2015. The loan had been fully reserved.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015

1. Nature of Organization (Continued):

CDBG Small Cities

Grant funds received with performance requirements are recorded as unearned revenue in the period granted. The Corporation records a receivable for the amount of the loan lent out or grant made to the third party business. As obligations are met, the loan is paid off or written down and the loan balance is earned or forfeited. Unearned revenue is recognized in income as performance obligations are met and contingent grants made are recognized in expense as earned by the grantee.

267ED424-02 Grant

The 267ED424-02 grant offered assistance to local businesses by offering low interest business loans. The Corporation receives interest and principal payments on a monthly basis. At December 31, 2015, the loan balance outstanding was \$43,669.

267ED760-11 Grant

The 267ED760-11 grant offered assistance to local businesses to promote growth in the area and increase employment. The Corporation receives interest and principal payments on a monthly basis for the outstanding loan and the grant has contingent terms (e.g. employment targets) that must be met over a period of time. If the recipient fails to meet the requirements of the grant, the proceeds are to be paid back to the Corporation. The Corporation in turn is obligated to remit the funds back to the CDBG unless permission is granted to re-distribute the funds. At December 31, 2015, the outstanding balance was \$135,636.

Microbusiness Program

The microbusiness program is funded by the loan program. The program offers technical assistance to local businesses. The program also offers seminars taught by local business owners and professionals.

SBA-Microloan Program

Loans are provided to small businesses in Columbia and Greene Counties funded by the Small Business Administration (SBA). Loans over 120 days past due are required to be charged off. The loan maturity date should not exceed six years on Microloans. The Corporation may charge up to 7.75% over the Corporation's cost of funds on a microloan of more than \$10,000 and up to 8.5% over the Intermediary's cost of funds on a microloan of \$10,000 or less. Amounts loaned to the Corporation are maintained in a restricted revolving loan fund. The Corporation is also required to maintain a separate loan loss reserve fund with its own funds representing at least 15% of SBA funds received.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015

2. Summary of Significant Accounting Policies:

Basis of Accounting:

The financial statements of the Corporation have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities. Revenues are recorded when earned and expenses are recorded when incurred. In accordance with accounting principles generally accepted in the United States of America, the Corporation applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as the Corporation is a component unit of the County of Columbia, New York, a governmental entity. The Corporation does not apply any Financial Accounting Standards Board (FASB) or AICPA pronouncements post November 30, 1989, as clarified by GASB No. 62. In accordance with GASB standards, balance and activity for the Corporation are presented as an enterprise fund.

Deferred Outflows/Inflows of Resources:

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), 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 period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

Statement 63 changed how governments organize their statements of financial position (such as the current government-wide statement of net assets and the governmental funds balance sheet).

As a result of Statement 63, financial statements will include deferred outflows of resources and deferred inflows of resources ("deferrals"), in addition to assets and liabilities, and will report net position instead of net assets.

Membership fees collected in the current year that will be recognized as revenue next year are classified as a deferred inflow. As of December 31, 2015, \$14,225 of membership fees that pertain to the year ending December 31, 2016 are presented as deferred inflows.

Prior Year Amounts:

Amounts shown for December 31, 2014, in the accompanying statements are included to provide a basis for comparison with December 31, 2015 and present summarized totals only. Accordingly, the December 31, 2014 amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America. Certain amounts have been reclassified to conform to the current year presentation.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015

2. Summary of Significant Accounting Policies (Continued):

Budgetary Data:

The budget policies are as follows:

In October of each year, the Executive Director submits a tentative budget to the Board of Directors for their approval for the next fiscal year. The tentative budget includes proposed expenditures and the proposed means of financing, which is to be used as a guide of activity for the fiscal year.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 amounts.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

The Corporation's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Corporation has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions in Columbia County, New York.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term.

Revenue Recognition:

Contribution revenue is recognized in the period it is unconditional, measurable, and future installments are considered probable of collection. Contribution revenue that is restricted as a result of a purpose or time restriction is included as a component of "restricted net position", when applicable.

Administrative revenue is recognized in the period services are provided and payments are generally received from related parties on a quarterly basis. 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 deferred until the period costs are incurred. Membership revenue is recognized as revenue over the period of membership.

Interest on loans is recognized in the period earned over the life of the related loans receivable.

Operating revenues include revenue generated from ongoing operating activities. Non-operating revenues include investing, financing and other non-recurring activities.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015

2. **Summary of Significant Accounting Policies (Continued):**

Income Taxes:

A provision for income tax has not been provided for in these financial statements, as the Corporation is a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Columbia County Appropriation:

For the year ended December 31, 2015, Columbia County appropriated \$437,000 for unrestricted use by the Corporation. The Corporation recognizes appropriated income in the period appropriated.

Cash and Cash Equivalents:

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

Property and Equipment:

Property and equipment are stated at cost and fair market value for donated items. Maintenance and repairs are expensed as incurred whereas major repairs and betterments are capitalized. Property and equipment comprise office equipment, furniture and software. Depreciation is provided for using the straight-line method over the estimated useful lives of the respective assets, which are:

Computer/Software	3 years
Furniture and Equipment	5 - 10 years

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.

The allowance for loan losses reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. The Corporation uses a disciplined process and methodology to establish the allowance for loan losses. To determine the total allowance for loan losses, management estimates the reserves needed for each loan outstanding.

To determine the balance of the allowance account, loans are evaluated on a case by case basis 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 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.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015

2. Summary of Significant Accounting Policies (Continued):

Loans and Allowance for Loan Losses (continued):

The establishment of the allowance for loan losses relies on a consistent process that requires multiple layers of 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 those 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.

Concentration of Credit and Market Risk:

Financial instruments that potentially expose the Corporation to concentrations of credit and market risk consist primarily of cash and cash equivalents and loans receivable. Cash and cash equivalents are maintained at Federal Deposit Insurance Corporation insured financial institutions and credit exposure is limited to any one institution.

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.

Related Party Transactions:

The Corporation participates in Commerce Center Land Sales with the Columbia County Industrial Development Agency (CCIDA). The Corporation pays an administrative amount, called Commerce Park Expense, as the CCIDA plays an administrative role in the transfer of the land. As of December 31, 2015, the Corporation has \$1,240 of cash collected on behalf of the CCIDA as a result of the Commerce Park Land Sales.

In December 2015, the Corporation contributed land with a \$114,734 book value to a third party in conjunction with a construction project. The land was originally purchased by the County of Columbia, New York and transferred to the Corporation upon approval from the County's board. As a result of this land transaction in 2015, the Corporation paid \$114,000 to Columbia County as reimbursement for the original purchase of the land.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015

2. Summary of Significant Accounting Policies (Continued):

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.

Subsequent Events:

Subsequent events have been evaluated through March __, 2016, which is the date the financial statements were available to be issued.

3. Cash and Cash Equivalents:

Cash and cash equivalents at December 31, 2015 were comprised of the following:

Bank	Book Balance	Bank Balance	FDIC Insurance	In Excess
First Niagara Bank	\$ 717,139	\$ 833,153	\$ 250,000	\$ 583,153
National Union Bank of Kinderhook	945,964	950,964	250,000	700,964
Bank of Greene County	42,429	42,429	250,000	-
TD Bank	7,299	8,253	250,000	-
	<u>\$ 1,712,831</u>	<u>\$ 1,834,799</u>		<u>\$ 1,284,117</u>

Included in the book balance above is \$240,229 of restricted cash, \$197,800 held with First Niagara and \$42,429 held with the Bank of Greene County.

The Corporation holds an account on behalf of BEHOLD! New Lebanon ("BEHOLD"), a not for profit entity that had not established 501(c)(3) status until July 2015. The cash account is to receive contributions and make payments for operating costs. The balance in the account at December 31, 2015 was \$5,201. The balance was returned to BEHOLD in 2016.

4. Restricted Cash:

Restricted cash at December 31, 2015, consisted of the following:

Small Business Administration program	\$ 240,229
Total Restricted Cash	<u>\$ 240,229</u>

The Small Business Administration requires the Corporation to keep the SBA bank accounts restricted as they only can be used for small business loans.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015

5. Loans:

During the year ended December 31, 2015, the Corporation loaned \$484,776 to 10 local businesses.

A summary of loan activity is as follows:

	Balance at December 31, 2014	New Lendings	Payments	Other Adjustments	Balance at December 31, 2015
Loan Fund	\$ 1,325,798	\$ 127,728	\$ 120,251	\$ 331,134	\$ 1,002,141
CDBG Small Cities	293,067	-	46,630	20,000	226,437
SBA Microloan	329,076	214,500	104,436	-	439,140
	<u>1,947,941</u>	<u>\$ 342,228</u>	<u>\$ 271,317</u>	<u>\$ 351,134</u>	<u>1,667,718</u>
Less: Allowance for loan losses	<u>(512,000)</u>				<u>(240,865)</u>
Total Loans	<u>\$ 1,435,941</u>				<u>\$ 1,426,853</u>

6. Property and Equipment:

A summary of property and equipment is as follows as of December 31, 2015:

	December 31, 2014	Acquisitions	Disposals	December 31, 2015
Furniture and equipment	\$ 18,286	\$ 2,770	\$ (2,098)	\$ 18,958
Land	114,734	-	(114,734)	-
	<u>133,020</u>	<u>2,770</u>	<u>(116,832)</u>	<u>18,958</u>
Accumulated depreciation	(11,953)	(2,563)	2,098	(12,418)
Total Property and Equipment	<u>\$ 121,067</u>	<u>\$ 207</u>	<u>\$ (114,734)</u>	<u>6,540</u>

Depreciation expense was \$2,563 during the year ended December 31, 2015. See Note 2 regarding the disposal of the land.

7. Restricted Net Position:

Restricted net position at December 31, 2015, consists of the following:

Commerce Park water tower	\$ 71,817
SBA loan program	160,539
Total Restricted Net Position	<u>\$ 232,356</u>

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015

7. Restricted Net Position (Continued):

For one year only the Corporation did not remit the principal back to Columbia County, New York for Commerce Park loans. The principal is to be retained by the Organization to aide in the construction of the water tower within Commerce Park. Refer to Note 9 for more information on the restrictions.

8. SBA Microloan Program:

Since 2003 the Corporation took the steps toward acquiring the Hudson Development Corporation's SBA loan portfolio by establishing a small business loan program. The Corporation acquired the SBA loan program in 2008. Total loans outstanding, net of an allowance under this program, totaled \$439,140 at December 31, 2015.

The Corporation borrows money from SBA loan awards in order to fund loans given to businesses participating in the SBA program. The following illustrates the amounts payable to the SBA:

Balance at December 31, 2014	Drawdowns	Payments	Balance at December 31, 2015
\$ 438,233	\$ 100,000	\$ 66,707	\$ 471,526

Once draws have been made from the SBA, the Corporation pays the SBA back based on an amortization schedule for each specific drawdown. The following shows the combined expected payout of the SBA drawdowns—Draw Three, Draw Four, and Draw Five:

December 31	Balance
2016	\$ 68,363
2017	68,363
2018	68,363
2019	68,363
2020	59,153
Thereafter	138,922
Total	<u>\$ 471,526</u>

Each drawdown has repayments of principal and interest, with each drawdown having a separate interest rate based on the agreement—1.5% (Draw Three), 1.625% (Draw Four), and 0.75% (Draw Five), per annum.

9. Commerce Park Land:

Beginning in 2005, Columbia County initiated a program to sell undeveloped land it owns in Commerce Park through a component unit, the Columbia County IDA. CEDC works directly with the buyer on the County's behalf. CEDC receives a deposit from the buyer and in turn uses this money to pay for surveying and legal fees associated with the transfer of the land.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015

9. Commerce Park Land (Continued):

CEDC recognizes a receivable for the sales price due from the buyer and a liability to the County for the same amount. The CCIDA plays an administrative role in the transfer of the land and receives a stipend from the first payment made. The CEDC retains the interest portion earned on land sale receivables as payment for servicing the loans and the remaining principal portion is forwarded to the County. In 2008 and only for 2008, the CEDC retained the principal and interest payments, as agreed upon with the County. CEDC will use the principal payments not remitted to the County to build a water tower in Commerce Park for the County of Columbia. The principal forgiven during 2008 was recognized as revenue.

During the year ended December 31, 2015, the Corporation received three deposits from two companies expected to purchase land in the Commerce Park in 2015, totaling \$8,750.

10. Pension Plan:

The Corporation has a SARSEP pension plan. The Corporation pays 5% of eligible employee's gross wages each year. For the year ended December 31, 2015, the Corporation recorded \$12,157 in pension expense.

11. Unearned Revenue:

As of December 31, 2015, unearned revenue is comprised of:

CDBG Small Cities	\$ 43,669
Angello's Distributing, Inc.	135,636
Hudson Valley Creamery	<u>179,305</u>
Total unearned revenue	<u>\$ 179,305</u>

12. Regulatory Oversight:

During the year ended December 31, 2014, the Corporation was notified that it would be subject to a review by the New York State Authorities Budget Office (ABO). The ABO conducted its review in April 2015 and issued a final report on April 27, 2015. The regulatory review was conducted as a result of a formal complaint filed with the ABO resulting from a land sale deal with a company that is controlled by a former board member. The ABO report concluded that the board demonstrated a lack of awareness of their adopted policies concerning the disclosure of conflicts of interest.

No board member acknowledged that the potential conflicts of interest of certain directors influenced their decisions. The ABO stated that to avoid such complaints in the future the board should insure that all potential conflicts of interest be properly disclosed and addressed in compliance with state law and its own policies.

There were no financial penalties assessed as a result of this investigation.



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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

INDEPENDENT AUDITORS' REPORT

To the Chairman of the Board of
Columbia Economic Development Corporation

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 Columbia Economic Development Corporation as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Columbia Economic Development Corporation's basic financial statements, and have issued our report thereon dated March __, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Columbia Economic Development Corporation's internal control over financial reporting (internal control) to determine the 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 Columbia Economic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Columbia Economic Development Corporation'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 entity'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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbia Economic Development Corporation'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kingston, New York

March __, 2016

DRAFT

**AMENDED AND RESTATED
BY-LAWS
OF
COLUMBIA ECONOMIC DEVELOPMENT CORPORATION**

ARTICLE I

THE CORPORATION

SECTION 1. NAME

The name of the Corporation is "COLUMBIA ECONOMIC DEVELOPMENT CORPORATION" (hereinafter, the "Corporation"), as established pursuant to a Certificate of Incorporation duly filed with the New York State Secretary of State on June 9, 1964, as amended pursuant to a Certificate of Amendment duly filed on November 19, 1992, and as further amended pursuant to a Certificate of Amendment duly filed on December 10, 1993 (collectively referred to herein as the "Certificate Incorporation").

SECTION 2. OFFICES

Pursuant to the Certificate of Incorporation, the principal office of the Corporation shall be located in the County of Columbia, State of New York.

SECTION 3. PURPOSES

(a) The Corporation is incorporated and shall be operated for the exclusive charitable or public purposes of promoting and providing for additional employment opportunities; encouraging and aiding the expansion of local businesses and the attraction of new businesses; enlarging and diversifying the county's tax base; lessening the burdens of government; while acting to preserve the unique character of Columbia County and its attractiveness to business and employees; and otherwise acting in the public interest to strengthen the local economy:

(b) In furtherance of its purposes set forth in paragraph (a), but not for any other purpose, the Corporation shall have, in addition to all other powers (including all powers in furtherance of its corporate purposes mentioned in Section 202 of the Not-for-Profit Corporation Law) the following powers: to provide financial assistance to construct, acquire, rehabilitate and improve for use by others various business properties; to provide advice, technical assistance and liaison with federal, state and local authorities to facilitate such activities; to provide loans, grants and other assistance including training to facilitate such business activities; to acquire real or personal property in accordance with this mission; to borrow money and issue negotiable bonds, notes, and obligations; and otherwise to foster and encourage business growth in Columbia County; provided, however, that the Corporation shall not attempt to influence legislation, by propaganda or

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otherwise, or participate or intervene, directly or indirectly, in any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE II

MEMBERSHIP

SECTION 1. COMPOSITION OF MEMBERSHIP

Any individual, corporation, joint stock association, unincorporated association or partnership may apply for membership. Upon receipt of an application by the Board of Directors of this Corporation and delivery by the applicant of dues in an amount set by the Board of Directors payable with the application, the applicant may become a member. The Members shall elect the Board of Directors pursuant to Article III hereof. The Corporation shall be managed by its Board of Directors in accordance with the provisions contained herein. To the extent a member is an entity (e.g. corporation, partnership, not-for-profit, municipality), said entity shall be entitled to one vote and shall designate a principal representative to vote on behalf of said entity.

SECTION 2. RIGHTS AND POWERS OF THE MEMBERS

The Members shall have and exercise all the rights and powers of corporate membership created by the laws of the State of New York, the Certificate of Incorporation and the By-Laws of the Corporation.

SECTION 3. ANNUAL MEETING OF THE MEMBERS

The annual meeting of the Members of the Corporation shall be held within the first six months of the year at a time and place designated by the Board of Directors and specified in the notice of such meeting. At the annual meeting, the Members shall appoint Directors pursuant to Article III hereof for positions where a new directorship is created or the term of a Director has expired, receive the annual report and transact such other business as may properly come before the meeting.

SECTION 4. ANNUAL REPORT TO THE MEMBERS AND REPORTING TO BOARD OF SUPERVISORS

A. At the annual meeting of the Members, the Directors or designated officer of the Corporation shall present an annual report showing in appropriate detail the following information:

- (i) A complete audited financial statement of the Corporation for the fiscal year immediately preceding the date of the report showing the assets and liabilities, principal

changes in assets and liabilities, revenue, receipts, expenses and disbursements of the Corporation; and

(ii) A summary of the activities of the Corporation during the preceding year.

(iii) The annual report shall be filed with the minutes of the annual meeting.

B. Following the annual meeting of the Members, the President and Chief Executive Officer or designated officer of the corporation shall present the annual report at the monthly meeting of the Columbia County Board of Supervisors.

C. The President and Chief Executive Officer shall provide a quarterly written report to the Columbia County Economic Development Committee or such other committee as designated by the Columbia County Board of Supervisors, and shall meet and provide a presentation of the corporation's activities upon the request of said committee.

SECTION 5. SPECIAL MEETINGS OF THE MEMBERS

Special meetings of the Members or Members may be called at any time by (i) authorization of the Board of Directors of the Corporation, or (ii) written request of a majority of the Members of the Corporation. Such request shall state the purpose or purposes for the proposed meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice of such special meeting; provided, however, if by unanimous consent of the Members present at such meeting elect to transact business not previously described in the aforementioned notice, then the Members may transact such other business. Notice of any special meeting will be carried out in accordance with §104 of the Public Officers Law.

SECTION 6. PLACE OF MEETINGS; ORGANIZATION

All membership meetings shall be held at the principal office of the Corporation or at such other convenient location as may be determined by the Members, except for the Annual Meeting of the Members as set forth in Section 3 of this Article II. The Chairperson of the Board of Directors shall preside at any membership meeting. The Secretary, or, in his or her absence, a person chosen by the Members, shall keep complete and accurate minutes of the meeting.

SECTION 7. NOTICE OF MEMBERSHIP MEETINGS; WAIVERS

(a) Notice of each membership meeting shall state the purpose or purposes for which the meeting is called, the place, date and time of the meeting and, unless it is the annual meeting, shall indicate that it is being issued by or at the direction of the person or persons calling the meeting. Such notice shall be given personally, by regular mail or electronic mail to each of the Members not less than ten (10) nor more than fifty (50) days before the date of the meeting. If mailed, the notice is given when deposited in the United States mail, with postage thereon prepaid, directed to each Member at his or her

address as it appears on the record of the Corporation or, if he or she shall have filed with the Secretary a written request that notices be mailed to some other address, then directed to such other address.

(b) Formal notice of meeting need not be given to a Member if he or she executes a waiver of notice, either before or after the meeting. The attendance of a Member at a meeting, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice.

SECTION 8. QUORUM OF MEMBERS

(a) The presence of at least a majority of the Members shall constitute a quorum for the transaction of business at any annual or special membership meeting.

(b) A majority of the Members present at a meeting, whether or not a quorum is present, may adjourn any membership meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent Members if the time and place is announced at the meeting adjourned.

SECTION 9. ACTION BY THE MEMBERS

(a) Each Member shall be entitled to one vote on each matter properly submitted to the Members for action at any meeting of the Members. The vote of a majority of the entire Membership at a duly convened meeting, provided a quorum is then present, shall be the act of the Members. Pursuant to and in accordance with the Open Meetings Law, Members must be present or participate through video-conference in order to count for purposes of quorum and.

SECTION 10. PROPERTY RIGHTS OF MEMBERS

The Members shall not have any rights or interests in or to the property or assets of the Corporation.

ARTICLE III

BOARD OF DIRECTORS

SECTION 1. POWER OF BOARD OF DIRECTORS

The Corporation shall be managed by its Board of Directors, which shall establish all general policies governing operations of the Corporation. Each director shall be at least eighteen (18) years of age.

SECTION 2. NUMBER, ELECTION AND TERM OF DIRECTORS

(a) Directors. *The Board of Directors shall consist of seventeen (17) members*, not including ex-officio members, who shall be elected from time to time by the Membership. The Directors shall exercise all rights of Directors as described herein and in the Certificate of Incorporation or any applicable resolution. In addition, The Directors shall include a representative appointed by the Chairman of the Board of Supervisors of the County of Columbia, the Chairperson of the Columbia Industrial Development Agency, and the ~~Chairperson~~President of the Columbia-Greene Community College, each in an *ex officio* capacity. Pursuant to and in accordance with Section 703(d) of the Not-for-Profit Corporation Law, and subject to the affirmative vote of the Directors in each case, the foregoing *ex officio* Directors may each appoint a designee to serve as an alternate Director to serve in the place of said *ex officio* Director. Any subsequent increase or decrease in the size of the Board of Directors will require the approval of the Members and the affirmative vote of the majority of the Board of Directors. As used in these By-laws, "the entire Board of Directors" means the total number of voting Directors that the Corporation would have if there were no vacancies on the Board.

(i) *Ex Officio* Directors (or Designee) shall serve a term consistent with the term of their elected or appointed office and shall not be subject to the term limits otherwise set forth herein. *Ex Officio Directors (or Designee) shall be non-voting members of the Board of Directors.*

(ii) Directors shall serve staggered terms of two (2) or three (3) years to be determined at the time of nomination by the Governance Committee and as voted upon by the current Directors. All terms shall commence on May 1.

(iii) Directors shall serve no more than six (6) consecutive years. The Governance Committee shall be responsible to stagger terms accordingly to ensure continuity and nominations shall include compliant term lengths.

(iv) Vacancies occurring for any reason shall be filled by the Board of Directors. In each case, such appointments shall be made as soon as practicable but in no event later than sixty (60) days after the vacancy occurs. A Director appointed to fill a vacancy shall hold office for the unexpired term of his or her predecessor in office and until a successor is appointed and takes office.

(v) The Governance and Nominating Committee shall nominate one or more Members for each ~~vacaney~~expired term on the Board of Directors ~~from which to~~ be elected by the Members ~~will elect a Member to fill unexpired term of the departing Director creating such vacaney.~~

(c) All Directors of the Board shall participate in training approved by the State of New York regarding their legal, fiduciary, financial and ethical responsibilities as Directors within one (1) year of appointment to the Board. Thereafter, the Directors shall participate in such continuing training as may be required to remain informed of best

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practices, regulatory and statutory changes relating to the effective oversight of the management and financial activities of the Corporation and the adhere to the highest standards of responsible governance.

(d) As soon as practicable and in compliance with Section 2825 of the Public Authorities Law, the majority of the Directors shall be Independent Directors, as such term is defined in paragraph (e) below.

(e) Independence. For the purposes of these By-Laws, an Independent Director means any person who:

(i) is not, and in the past two (2) years has not been, employed by the Corporation or another corporate body having the same ownership and control of the Corporation in an executive capacity;

(ii) is not, and in the past two (2) years has not been, employed by an entity that received remuneration valued at more than fifteen thousand dollars (\$15,000.00) for goods and services provided to the Corporation or received any other form of financial assistance valued at more than fifteen thousand dollars (\$15,000.00) from the Corporation;

(iii) is not a relative of an executive officer or employee in an executive position of the Corporation or another corporate body having the same ownership and control of the Corporation; and

(iv) is not, and in the past two (2) years has not been, a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or any other similar actions of the Corporation or another corporate body having the same ownership and control of the Corporation.

(f) Board Offices. Each year, the Governance and Nominating Committee shall nominate a Chairperson, Vice-Chairperson, Treasurer and Secretary who shall be elected from among the Directors (exclusive of the ex officio Directors) at the organizational meeting and subsequent annual meetings of the Board of Directors. The term of office for the Chairperson, Vice-Chairperson, Treasurer and Secretary shall extend for one (1) year after his or her election and until a successor is elected, unless that Director's term on the Board is earlier terminated by operation of the term limits imposed in Article III Section 2(a)(i- iii) above.

The Chairperson, Vice-Chairperson, Treasurer and Secretary may serve consecutive terms.

(i) CHAIRPERSON. The chair shall preside at all meeting of the Board of Directors. He or she shall have the general powers and duties which usually pertain to his or her office.

(ii) VICE-CHAIRPERSON. The Vice-Chairperson shall, in the absence of or at the request of the Chairperson, perform the duties and exercise the power of the Chairperson.

(iii) SECRETARY. It shall be the duty of the Secretary to supervise the preparation of the minutes of all meetings of the Members, the Board of Directors and its committees, and supervising the giving of all notices required to be given by the Corporation. The Secretary shall oversee the keeping of a current list of the Members, Directors and Officers and their residence addresses and the preparation and maintenance of the books and records of the Corporation.

(iv) TREASURER. It shall be the duty of the Treasurer to oversee the Chief Financial Officer and the financial affairs of the Corporation. The Treasurer shall cause a financial report to be provided at each regular meeting of the Board of Directors, and shall oversee the preparation of the annual report of the Corporation and the filing of all required tax returns and other regulatory reports.

SECTION 3. RESIGNATIONS AND REMOVAL OF DIRECTORS

(a) Any Director of the Corporation may resign at any time by giving written notice to the other Directors or to the Chairperson or the Secretary. Such resignation shall take effect at the time specified therein or, if no time is specified, then on delivery. Acceptance of the resignation shall not be necessary to make it effective.

(b) Any Director may be removed from the Board with cause by the Members. The Director subject to removal will have an opportunity to be heard before the Board of Directors prior to a Board of Directors vote being taken for his/her removal.

SECTION 4. ~~ANNUAL MEETING~~ NEWLY CREATED DIRECTORSHIPS AND VACANCIES

~~Newly created directorships resulting from an increase in the number of Directors shall be filled as described in the resolution of the Members approving such increase. Newly created directorships resulting from any vacancies occurring for any reason shall be filled by the Board of Directors. In each case, such appointments shall be made as soon as practicable but in no event later than sixty (60) days after the increase or vacancy occurs. A Director appointed to fill a vacancy caused by resignation, death, disability or removal shall hold office for the unexpired term of his or her predecessor in office and until a successor is appointed and takes office.~~

SECTION 5. ~~ANNUAL MEETING~~

The annual meeting of the Board of Directors shall be held at the first meeting of the year at a convenient time and location to be determined by the Board of Directors. Written notice of the annual meeting shall be mailed or delivered via electronic mail to each Director of the Corporation prior to the meeting.

ADOPTED: November 10, 2015

SECTION 65. ANNUAL REPORT

The Chairperson or an individual designated by the Chairperson shall present at the annual meeting of the Members a copy of the annual report described in Article II, Section 4 above.

~~SECTION 7~~SECTION 6. SPECIAL MEETINGS AND NOTICE

Special meetings of the Board of Directors may be called at any time by the Chairperson of the Board of Directors or a majority of Directors of the Corporation. Written notice shall be mailed or delivered via electronic mail to each Director of the Corporation prior to the meeting in accordance with Public Officers Law §104. Said notice shall state the purposes, time and place of the special meeting and that no business other than that specified in the notice may be transacted; provided, however, if by unanimous consent all of the Directors present at such meeting elect to transact business not previously described in the aforementioned notice, then the Directors may transact such other business.

~~SECTION 8~~SECTION 7. WAIVERS OF NOTICE

Notice of a meeting need not be given to any Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him or her.

~~SECTION 9~~SECTION 8. PLACE OF MEETINGS

The Board of Directors may hold its meetings at such place or places as the Directors may from time to time by resolution determine.

~~SECTION 10~~SECTION 9. OPEN MEETINGS

The Corporation is subject to Open Meetings Law, the Corporation shall comply with the Open Meetings Law of the State of New York, as set forth within Article 7 of the Public Officers Law.

~~SECTION 11~~10. FREEDOM OF INFORMATION

The Corporation is subject to Freedom of Information Law, the Corporation shall comply with the Freedom of Information Law of the State of New York, as set forth within Article 6 of the Public Officers Law.

SECTION 1211. PUBLIC AUTHORITIES ACCOUNTABILITY ACT

ADOPTED: November 10, 2015

The Corporation is subject to the Public Authorities Accountability Act of 2005, as amended by Chapter 506 of the Laws of 2009 (collectively, the "PAAA") and shall comply with the PAAA, as set forth within the New York State Public Authorities Law.

SECTION 1312. QUORUM AND ADJOURNED MEETINGS

(a) A majority of the entire Board of Directors shall constitute a quorum for the transaction of business at meetings of the Board. When a quorum is once present to organize a meeting, it shall not be broken by the subsequent withdrawal of any Director(s).

(b) A majority of the Directors present, whether or not a quorum is present, may adjourn any Board meeting to another time and place. If a quorum is present at the adjourned meeting, any business may be transacted that might have been transacted on the original date of the meeting. Notice of the adjourned meeting shall be given to all Directors.

SECTION 1413. ACTION BY THE BOARD OF DIRECTORS

Any corporate action to be taken by the Board of Directors means action at a meeting of the Board. Each Director shall have one vote regarding any corporate action to be taken by the Board. The vote of a majority of the entire Board of Directors at a duly convened meeting at which a quorum is present shall be the act of the Board of Directors. All references to actions of the Board of Directors herein and in the Certificate of Incorporation shall mean the affirmative vote of a majority of the entire Board of Directors at a duly convened meeting at which a quorum is present. Pursuant to and in accordance with the Open Meetings Law, Directors must be present in order to count for purposes of quorum and voting.

SECTION 1514. ORGANIZATION

At each meeting of the Board of Directors, the Chairperson, or, in his or her absence, the Vice-Chairperson shall preside. The Secretary, or, in his or her absence, a person chosen by a majority of the Directors present, shall keep complete and accurate minutes of the meeting.

SECTION 1615. ATTENDANCE AT MEETINGS

Attendance at each meeting of the Board shall be recorded by the Secretary or the designated Director in the minutes thereof.

In the event a Director is absent from a meeting without the approval of the Chairperson, said absence shall be deemed "unexcused". The Governance and Nominating and Committee will meet with any Director who is unable to attend more than 3 consecutive

meetings to assess the Director's continued ability to commit the time necessary to serve on the Board.

SECTION 1716. COMPENSATION

The Directors shall serve in their capacity as Directors of the Corporation without compensation. All Directors may be reimbursed for reasonable expenses incurred in the performance of corporate duties.

SECTION 1817. ANNUAL INDEPENDENT AUDIT

The Audit Committee shall present to the Board upon its completion, the annual independent audit report performed in accordance with the requirements of the Public Authorities Accountability Act ("PAAA") and generally accepted government auditing standards certified by a firm of independent public accountants. The certified independent public accounting firm that performs the annual independent audit shall timely report to the Audit Committee the following:

- (i) the assets and liabilities, including the status of reserve, depreciation, special or other funds including the receipts and payments of such funds, of the Corporation as of the end of the fiscal year;
- (ii) the principal changes in assets and liabilities, including trust funds, during said fiscal period;
- (iii) the revenue or receipts of the Corporation, both unrestricted and restricted, to particular purposes during said fiscal period;
- (iv) the expenses or disbursements of the Corporation for both general and restricted purposes, during said fiscal period; and
- (v) a schedule of the bonds and notes of the Corporation outstanding during said fiscal period, including all refinancing, calls, refunding, defeasements, and interest rate exchange or other such agreements, and for any debt issued during the fiscal period, together with a statement of the amounts redeemed and incurred during such fiscal period as a part of a schedule of debt issuance that include the date of issuance, term, amount, interest rate, means of repayment and cost of issuance.

Furthermore, the certified independent public accounting firm that performs the annual independent audit shall timely report to the Audit Committee the following:

- (i) all critical accounting policies and practices to be used;
- (ii) all alternative treatments of financial information within generally accepted accounting principals that have been discussed with the management of the Corporation, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the certified independent public accounting firm;
- (iii) other material written communications between the certified independent public accounting firm and the management of the Corporation, such as the management letter along with management's response or plan of corrective action, material corrections identified or schedule of unadjusted differences, where applicable.

SECTION 1918. PROPERTY RIGHTS

No Director of the corporation shall, by reason of that position, have any rights to or interest in the property or assets of the Corporation.

ARTICLE IV

COMMITTEES

SECTION 1. STANDING COMMITTEES

(a) The Standing Committees of the Board shall be as described in subparagraph (b) below. Except as otherwise provided by these By-Laws, each Standing Committee shall consist of at least three Directors, who shall be elected to serve a one (1) year term. All Directors shall serve on one or more of the Standing Committees. No Standing Committee shall have authority as to the following matters:

- (i) The submission to the Members of any action requiring its approval;
- (ii) The filling of vacancies on the Board of Directors or any committee;
- (iii) The amendment or repeal of these By-Laws or the adoption of new By-Laws; or
- (iv) The amendment or repeal of any resolution of the Board which by its terms is not so amendable or repealable.

(b) Until changed by amendment of these By-Laws, the Corporation shall have the following Committees:

(i) **Executive Committee.** There shall be an Executive Committee which shall consist of the Chairperson, Vice-Chairperson, Treasurer, Secretary, and one Director of as voted upon by a majority of the votes cast by the Directors of the Corporation. A majority of the individuals then serving on such committee shall constitute a quorum of the Executive Committee. The Chairperson shall preside over Executive Committee meetings, which shall be open to the public in accordance with the salient provisions of the Open Meetings Law of the State of New York, as set forth within Article 7 of the Public Officers Law.

(ii) **Loan Committee.** The members of the Loan Committee ~~shall~~ may include members residents of the board of directors of the Corporation Columbia County, with a preference being given to those ~~directors~~ individuals possessing experience and expertise in business lending. The Loan Committee shall be comprised of at least five (5) Directors of the Corporation.

(a) The responsibilities of the Loan Committee shall be limited to reviewing applications to the Corporation for loans from the loan funds administered by the Corporation and issuing recommendations to the Board with regard to proposed action on such applications. The Board may from time to time modify the authority of the Loan Committee to approve or disapprove loans, including the amount thereof, by resolution duly adopted by the Board; provided, however that any such modification shall not be effective as to any loan approved or disapproved by the Loan Committee prior to the date of such Board action. A majority of the individuals then serving on the Loan Committee shall constitute a quorum for the transaction of business or any specified item of business by the Loan Committee. The vote of a majority of the individuals serving on the Loan Committee shall be the act of the Loan Committee. The Committee's meetings shall be open to the public in accordance with the salient provisions of the Open Meetings Law of the State of New York, as set forth within Article 7 of the Public Officers Law.

(iii) **Audit and Finance Committee.** There shall be an Audit and Finance Committee consisting entirely of Independent members, who shall be elected by a majority of the votes cast by the Directors of the Corporation at the organizational meeting and at each annual meeting of the Board thereafter, and shall serve until the next annual meeting. To the extent practicable, members of the Audit and Finance Committee should be familiar with corporate financial and accounting practices. The Audit and Finance Committee shall recommend to the Board the hiring of a certified independent accounting firm in compliance with the Public Authorities Accountability Act ("PAAA") to conduct the annual independent audit, establish the compensation to be paid to the accounting firm and provide direct oversight of the performance of the annual independent audit. The Audit and Finance Committee shall have the responsibility to review proposals for the

issuance of debt by the Corporation and its subsidiaries, if any, and make recommendations. The Committee's meetings shall be open to the public in accordance with the salient provisions of the Open Meetings Law of the State of New York, as set forth within Article 7 of the Public Officers Law.

(iv) **Governance and Nominating Committee.** There shall be Governance and Nominating- Committee consisting entirely of Independent members, who shall be elected by a majority of the votes cast by the Directors of the Corporation at the organizational meeting and at each annual meeting of the Directors thereafter, and shall serve until the next annual meeting. The Governance and Nominating Committee shall keep the Board informed of current best governance practices, review corporate governance trends, update the Corporation's corporate governance principles, advise the Members and Directors on the skills and experience required of potential Directors, conduct potential Director searches and nominate Director candidates, and nominate officers and committee members. ~~The Governance and Nominating Committee shall provide to the Members the name of one or more Members that the Committee is nominating to fill each vacancy on the Board of Directors.~~ The Committee's meetings shall be open to the public in accordance with the salient provisions of the Open Meetings Law of the State of New York, as set forth within Article 7 of the Public Officers Law.

SECTION 2. SPECIAL COMMITTEES

The Board of Directors, by resolution adopted by a majority of the entire Board of Directors, may create Special Committees, which shall have only the powers specifically delegated to them and shall in no case have powers which are not authorized for Standing Committees. The members of Special Committees shall be appointed by a majority of the votes cast by the Directors of the Corporation.

SECTION 3. MEETINGS

Meetings of committees shall be held at such times and places as shall be fixed by the respective committee chairpersons, or by vote of a majority of all of the members of the committee. Written notice shall be mailed (via regular mail or electronic mail) or delivered to all members of the committee prior to each meeting. Written minutes of the proceedings shall be kept at all committee meetings and shall be submitted at the next meeting of the Board. The Chairperson of the Board of Directors of the Corporation, or their respective designees, may attend all committee meetings, but will not possess any voting rights unless otherwise granted by said committees.

SECTION 4. QUORUM

A majority of the entire membership of a committee shall constitute a quorum for the transaction of business. As used in these By-laws, "the entire membership of a

committee” means the total number of members the committee would have if there were no vacancies on the committee.

SECTION 5. MANNER OF ACTING

The vote of a majority of the entire membership of a committee at a duly convened meeting at which a quorum is present shall be the act of the committee. Pursuant to and in accordance with the Open Meetings Law, committee members must be present or participate through video-conference in order to count for purposes of quorum and voting.

ARTICLE VIV

CORPORATE OFFICERS

SECTION 1. PRESIDENT AND CHIEF EXECUTIVE OFFICER; OTHER OFFICERS

The Corporation shall have a President and Chief Executive Officer and other assistant officers as the Board of Directors may determine, all of whom shall serve at the pleasure of the Board of Directors. Such Officers shall receive such compensation as may be determined by the Board of Directors. The Board of Directors shall appoint the President and Chief Executive Officer by resolution. The President and Chief Executive Officer shall report to the Chairperson and generally supervise all affairs of the Corporation including officers and employees. The President and Chief Executive Officer shall perform such other duties as may be assigned to him or her from time to time by the Board of Directors.

SECTION 2. TERMS OF OFFICERS

The officers shall be appointed by the Directors at its annual meeting and serve at the pleasure of the Board.

SECTION 3. ADDITIONAL OFFICERS

Additional officers may be appointed for such period, have such authority and perform such duties, either in an administrative or subordinate capacity, as the Board of Directors may from time to time determine.

SECTION 4. REMOVAL OF OFFICERS

Any officer may be removed by majority vote of the Directors, with or without cause, at any time, provided there is a quorum of not less than a majority of the entire Board of Directors present at the meeting at which such action is taken.

ADOPTED: November 10, 2015

SECTION 6. VACANCIES

A vacancy in any office of the Corporation shall be filled by the majority vote of the entire Board of Directors.

ARTICLE VIII

STAFF

SECTION 1. STAFF

The President and Chief Executive Officer of the Corporation may hire such other staff as approved by the Board of Directors through its annual budget approval. Such staff shall report to the Chief Executive Officer and shall have the titles, duties, responsibilities, compensation and benefits as authorized by the Board of Directors.

ARTICLE VIII

CONTRACTS, CHECKS, DRAFTS AND BANK ACCOUNTS

SECTION 1. EXECUTION OF CONTRACTS

The Board of Directors may on its own, except as these By-Laws otherwise provide, or may authorize the President and Chief Executive Officer the Chairperson, Vice-Chairperson, or any officer or officers, agent or agents, employee or employees, in the name of and on behalf of the Corporation, to enter into any contract or execute and deliver any instrument, and such authority may be general or confined to specific instances; but, unless so authorized by a written resolution of the Board of Directors, or expressly authorized by these By-Laws, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniary in any amount for any purpose.

SECTION 2. CHECKS, DRAFTS, ETC

All checks, drafts and other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation will be

ADOPTED: November 10, 2015

signed by those designated officers expressly authorized in a written resolution of the Board of Directors, to be reviewed on an annual basis.

SECTION 3. DEPOSITS

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Treasurer may recommend and the Board of Directors approves.

SECTION 4. INVESTMENTS

The Board of Directors may authorize the Corporation to contract with an investment advisor and custodian to manage its investments in accordance with an investment policy established by the Board.

ARTICLE IX-VIII

LOAN PROCEDURE

SECTION 1. TYPES OF AVAILABLE FUNDS

Loans, grants and assistance offered by the Corporation may be of several types, depending upon their origin, the applicable statutes and regulations governing the administration of such funds or assistance, and whether they are made available for use on a regional basis (regional funds), such as funds designated for use in the entire Special Impact Area of the County of Columbia as defined by the Revolving Loan Fund Administration Plan or for use in a particular city, town, village or combination thereof (local funds).

SECTION 2. ADMINISTRATION OF FUNDS

Application for loans, grants and assistance, in whole or in part, from federal revolving loan funds shall be solicited, guided, approved or rejected, in strict accordance with applicable statutes and regulations governing the use of such funds, including, but not limited to:

- (a) Revolving Loan Fund Administration Plan submitted to and approved by the Economic Development Administration of the Federal Government;
- (b) Community Development Block Grant Act and Regulations; and
- (c) Small Business Investment Act and Section 502 or 7(a) Loan Program Regulations.
- (d) Approval or rejection of loans, grants and assistance shall in all cases be based on applicable standards of credit, need and eligibility.

ADOPTED: November 10, 2015

SECTION 3. ADMINISTRATION OF OTHER FUNDS

Application for loans, grants and assistance from nonfederal revolving loan funds or other funding sources administered by the Corporation shall be made in the first instance to the Board, to a special committee of the Board established therefor pursuant to Article V, Section 6 of these Bylaws, or to the Loan Committee, if so designated by an appropriate resolution of the Board.

SECTION 4. FINAL DECISION

Upon approval by the Loan Committee or any other appropriate special committee of an application for a loan, grant or assistance for funds, the application shall be transmitted to the Board of Directors for final decision.

SECTION 5. RESTRICTIONS ON USE OF FUNDS

No expenditure or use of funds shall be made except in strict compliance with all conditions imposed by contract under which the funds in question have been made available to the Corporation or imposed by all applicable Federal rules and regulations, as amended from time to time.

ARTICLE XIX

ETHICAL STANDARDS

SECTION 1. CODE OF ETHICS – PROCEDURE

Except for any Prohibited Conflict as defined under State Law and as expressed within the Corporation's Code of Ethics, as amended from time to time, all members, directors, officers or employees of the Corporation shall adhere to the following procedures:

(a) All real and potential conflicts of interest shall be disclosed in writing to the Ethics Officer as soon as practicable after learning of the real or potential conflict of interest. The written disclosure must:

- (i) identify the matter before the Corporation;
- (ii) identify the Standard of Conduct in question, and;

(iii) contain sufficient facts and circumstances in order to accurately convey the extent of the member's, director's, officer's or employee's interest in such matter. In addition, in the event a member or director of the Corporation has a conflict, he or she shall verbally disclose the conflict during a public session of a Corporation meeting at

which the matter creating the conflict appears on the agenda. Such verbal disclosure shall be recorded in the minutes of the meeting and be made part of the public record.

(b) The member, director, officer or employee with the conflict of interest shall refrain from participating in discussions or decisions on the matter creating the conflict. In addition, in the event a member of the Corporation has a conflict, he or she shall recuse him or herself from any deliberations and abstain from voting on such matter creating the conflict.

(c) The member, director, officer or employee with the conflict of interest shall refrain from directly or indirectly attempting to influence the discussions, decisions, deliberations or vote on the matter giving rise to such conflict.

SECTION 2. CODE OF ETHICS – STANDARDS

In all other respects, the members, directors, officers and employees of the Corporation shall operate in accordance with ethical standards as enumerated in the Not-for-Profit Corporation Law of the State of New York, as the same may be amended from time to time, and any ethics or conflicts of interest policy statement approved by the Board, and any ethical standards imposed under all applicable State and Federal laws, as the same may be amended from time to time.

SECTION 3. INDEPENDENT MEMBERS

In addition to any other ethical standards applicable to any member or director of the Corporation pursuant to these By-Laws or other applicable law, a majority of the members and directors of the Corporation, other than those who serve by virtue of holding a civil office of the State of New York, shall, to the extent required by law, be “independent members,” as defined in Section 2825 of the New York Public Authorities Law, as amended from time to time.

ARTICLE XIX

GENERAL

SECTION 1. SEAL

ADOPTED: November 10, 2015

The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal, New York." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

SECTION 2. BOOKS AND RECORDS

There shall be kept by the Corporation (1) correct and complete books and records of account, (2) minutes and statements of written action by the Members, (3) minutes of the proceedings of the Board of Directors and its committees, (4) a current list of the Members, Directors and officers of the Corporation and their residence addresses, (5) a copy of the Certificate of Incorporation, and (6) a copy of these By-Laws. The foregoing items shall be subject to inspection and/or audit at any time by or at the direction of the Board of Directors.

SECTION 3. INDEMNIFICATION

The Corporation shall indemnify each Member, each Director, each officer, and, to the extent authorized by the Board of Directors, each other person authorized to act for the Corporation or on its behalf, to the full extent to which indemnification is permitted under the Not-For-Profit Corporation Law.

SECTION 4. INTERESTED DIRECTORS AND OFFICERS

The Board of Directors shall adopt a policy regarding conflicts of interest which shall apply to all directors and officers. The Board of Directors shall establish and adopt those other policies and procedures as may be required to comply with any governing statutes or regulations deemed applicable to the corporation.

SECTION 5. LOANS TO MEMBERS AND OFFICERS

The Corporation, either directly or indirectly, including through any subsidiary, is prohibited from extending or maintaining credit, arranging for the extension of credit or renewing any extension of credit, in the form of a personal loan to or for any Member, Director, or Officer, or to any other company, corporation, firm, association or other entity in which one or more of the Members, Directors or Officers of the Corporation are members, director or officers or hold a substantial financial interest.

ARTICLE ~~XII~~ XI

FISCAL YEAR

ADOPTED: November 10, 2015

The fiscal year of the Corporation shall commence on the first day of January of each calendar year and end on the last day of December.

ARTICLE XIII

RULES OF ORDER AND BY-LAW CHANGES

SECTION 1. RULES OF ORDER

Meetings of the Members and the Board of Directors and its committees shall be governed by Robert's Rules of Order, except in cases otherwise provided for by these By-Laws.

SECTION 2. BY-LAW CHANGES

These By-Laws may be amended, repealed or adopted only by a 2/3 majority of the Directors of the Corporation, or a majority of the Members, whose actions at all times shall supersede actions by the Directors. Any amendments approved by the Directors shall be ratified by the membership at its next meeting.