



2011 Annual Report – Management Discussion & Analysis

Introduction

Management's discussion and analysis of Ulster County Development Corporation's (UCDC) financial performance provides an overview of the Corporation's financial activities for the fiscal year ended December 31, 2011. Please read this report in conjunction with the UCDC 2011 financial statements. UCDC is a non-profit corporation which operates in Ulster County, New York. UCDC is classified by the New York State Authority Budget Office as a public authority. This summary discussion and analysis includes only the financial and general business of the Corporation.

Financial Highlights

The Corporation's total net assets have decreased by \$139,280, or 8.0% as a result of operations in 2011. (See Table 1)

In 2011, total revenue decreased by \$195,376 from the end of 2010, or 30.0%. (See Table 2)

In 2011, total expenses decreased by \$128,222 from the end of 2010, or 17.7%. (See Table 2)

Note: Pass-through type transactions were excluded in both Revenue and Expenses. \$596,376 was excluded in 2011 and \$518,248 in 2010.

The Corporation's operating net assets have decreased by \$129,167, or 27.6% as a result of operations in 2011. (See Table 3)

In 2011, operating revenue decreased by \$191,234 from the end of 2010, or 30.1%.

In 2011, operating expenses decreased by \$60,763 from the end of 2010, or 9.7%.

Corporation Highlights

2011 UCDC highlights include:

- Assisted in facilitating retention of at least 833 jobs
- Assisted in facilitating actual hiring of at least 85 jobs
- See also activities listed in 2011 UCDC Mission And Goals Measurement Report
- Total net private contributions in 2011 increased by 52.4% over 2010 level (from \$24,600 to \$37,500) due to additional fundraising efforts
- Annual Awards Dinner sponsorships were up by 47.3% (from \$14,050 to \$20,700) and net cash to UCDC from the event was up 38.5% over 2010 level (from \$7,000 to \$9,700)

Using This Annual Report

This annual report consists primarily of the Statement of Net Assets, Statement of Revenues, Expenses and Changes of Net Assets and the Statement of Cash Flows, which provide information about the activities of the Corporation only.

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

Condensed Comparative Financial Statements and Analysis

The Corporation's net assets at the end of the 2011 were \$1,595,870, a decrease of \$139,280 from \$1,735,150 in 2010. Our analysis below focuses on net assets (Table 1) and the changes in net assets (Table 2).

Table 1 – Total Net Assets (Balance Sheets)

	<u>2011</u>	<u>2010</u>
Current Assets	\$2,388,268	\$2,391,261
Current Liabilities	\$792,398	\$656,111
Total Net Assets	\$1,595,870	\$1,735,150
Unrestricted Net Assets	\$1,541,371	\$495,351
Temp Restricted Net Assets	\$193,779	\$1,311,925
Net Income	(\$139,280)	(\$72,126)

Current Assets:

Cash totals in at the end 2011 were \$868,899 versus \$615,807 at the end of 2010. The increase in cash was primarily from deferred revenue grants to the Ready to Go Fund and the Solar Industry Research Contract payment. The Fixed Asset total at the end of 2011 was \$13,960 versus \$53,219 at the end of 2010. The decrease in Fixed Assets was due to normal depreciation of equipment. The Loans Receivable total at the end of 2011 was \$880,872 versus \$835,164 at the end of 2010. The increase in Loans Receivable was due to closing on two new loans in 2011. (Note: \$112,500 in Assets for Pass-through type transactions was excluded from the 2011 Assets reported herein).

Current Liabilities:

Liabilities at the end of 2011 were \$792,398 versus \$656,111 at the end of 2010, an increase of \$136,287 or 20.8%. This increase is primarily due to the new deferred revenue liability in the Ready to Go fund. (Note: \$112,500 in Liabilities for Pass-through type transactions was excluded from the 2011 Liabilities reported herein).

Changes in Total Net Assets

Table 2 – Changes in Total Net Assets (Income Statements)

	<u>2011</u>	<u>2010</u>
Charges for Services	\$361,418	\$555,565
Financing Income	\$22,117	\$24,597
Fundraising/Contributions	\$72,100	\$69,293
<u>Interest Income</u>	<u>\$850</u>	<u>\$2,406</u>
<u>Total Revenues</u>	<u>\$456,485</u>	<u>\$651,861</u>
Operating Expenses	\$595,765	\$725,091
<u>Non-Operating Expenses</u>	<u>\$0</u>	<u>(\$1,104)</u>
<u>Total Expenses</u>	<u>\$595,765</u>	<u>\$723,987</u>
<u>Change in Net Assets</u>	<u>(\$139,280)</u>	<u>(\$72,126)</u>

The Corporation's revenues in 2011 decreased from revenues in 2010 by \$195,376 (30.0%). The decrease in Charges for Services was due primarily to reductions in Incentives Funding and UCIDA Administrative Fees earned in 2011 as compared to 2010. The decrease in Financing Income was due primarily to fewer active loans generating administrative fees in 2011 as compared to 2010. Expenses in 2011 decreased from expenses in 2010 by \$128,222 (17.7%). These decreases came predominantly from reduced staff and efforts to control spending.

Note: Pass-through type transactions were excluded in both Revenue and Expenses. \$596,376 was excluded in 2011 and \$518,248 in 2010.

UCDC Operating Fund

The Assets and Liabilities reported above encompass UCDC’s operating fund, eight loan funds, and one advertising fund. In order to better understand the Corporation’s trends we will note here in Table 3 the Net Assets in the UCDC operating fund only.

Table 3 – UCDC Operating Fund Net Assets

	<u>2011</u>	<u>2010</u>
Current Assets	\$346,040	\$477,920
Current Liabilities	\$6,398	\$9,111
Total Net Assets	\$339,642	\$468,809
Unrestricted Net Assets	\$468,809	\$378,865
Temp Restricted Net Assets	\$0	\$88,640
Net Income	(\$129,167)	\$1,304

The change in Net Assets was (\$129,167). Depreciated equipment accounted for (\$44,245). Savings in expenses of \$114,716 against the planned budget was insufficient to offset shortfalls in revenue totaling (\$199,638) against the planned budget. The revenue shortfall against the planned budget was primarily caused by shortfalls in: Incentive Funding (\$169,750), Contributions and Fundraising (\$20,900), and an Administrative Fee for Shovel Ready slipping to 2012 (\$10,000). Other revenue items came in marginally above and below the planned budget.

Economic Factors and Next Year’s Budget

One of the most important questions asked about the Corporation’s finances is, “Are the financials transparent and accurate”. The financial records are a matter of public record under the Freedom of Information Law and are therefore transparent. In addition, the Corporation’s website provides access into the Corporation’s budget, board of directors, and policies.

The 2012 UCDC budget was based primarily on 2011 levels, with adjustments based on reduced funding from Ulster County, and the modifications of strategic priorities necessitated by that funding reduction. As funding from Ulster County is 65% of our budget, further cuts would raise sustainability concerns. The 2012 budget requires no draw on prior year’s cash, provided the budget fundraising target is realized.

Contacting UCDC Financial Administrator

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ulster County Development Corporation, 5 Development Court, Kingston, NY, 12401.