

**HUDSON VALLEY AGRI-BUSINESS DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 4 – FIXED ASSETS**

A summary of fixed assets is as follows as of December 31, 2022:

		<u>Useful Life</u>
Computers	\$ 20,309	5 years
Furniture	550	5 years
Accumulated depreciation	<u>(9,528)</u>	
	<u>\$ 11,331</u>	

Depreciation expense for the year ended December 31, 2022 was \$2,673.

**NOTE 5 – LEASE**

The Organization leases office space in Hudson, New York on a month-to-month basis. Rental expense for the year ended December 31, 2022 was \$7,800 and is included as “Occupancy” on the statement of functional expenses.

**NOTE 6 – PENSION PLAN**

The Organization has a simplified employee pension IRA (SEP IRA) pension plan. The Organization contributes 5% of eligible employee’s gross wages each year. For the year ended December 31, 2022, the Organization incurred \$10,600 in pension expense which is included as “pension plan contributions” on the statement of functional expenses.

The Organization is in the process of adding a 403(b) retirement plan for its employees. There is not expected to be any employer contributions to employee individual retirement plans when this new plan is finalized.

**NOTE 7 – LONG-TERM DEBT**

On December 20, 2019 and November 1, 2022, respectively, the Organization entered into agreements with New York State Empire State Development Corporation (NYS ESD) on two separate \$500,000, 10-year notes to be used for loans to eligible small agribusinesses. Commencing on the first anniversary date of each note, the Organization began to accrue interest of 1% per annum on the unpaid principal balance of the debt payable in semi-annual installments on June 30<sup>th</sup> and December 31<sup>st</sup> of each year, beginning with the fiscal year ended December 31, 2021 for the first note and the fiscal year ending December 31, 2023 for the second note. Principal payments equal to 33.33% of the principal balance outstanding shall commence on the fifth anniversary date for each note and will be paid on the seventh and tenth anniversary dates for each note, with a lump sum payment of unpaid principal and interest due on the tenth anniversary date for each note. Each note is subject to a five-year extension after the maturity date at NYS ESD’s sole discretion, provided the Organization is not in default on the applicable note before the tenth anniversary date. Funds are to be used solely to provide loans to qualified entities. As of December 31, 2022, the Organization has received the full amount of \$500,000 of the first note and \$166,667 on the second note.

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**NOTE 8 – LIQUIDITY**

The Organization’s financial assets available within one year of December 31, 2022 for general expenditure are as follows:

Current financial assets at year-end:

Cash and cash equivalents	\$ 432,744
Accounts receivable	<u>236,638</u>

Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 669,382</u>
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As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**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 AUDITOR'S REPORT

To the Board of Directors  
Hudson Valley Agri-business 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 Hudson Valley Agri-business Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 30, 2023.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Hudson Valley Agri-business Development Corporation's internal control over financial reporting (internal control) as a basis for designing 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 Hudson Valley Agri-business Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Hudson Valley Agri-business 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.

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Hudson Valley Agri-business 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*UHY LLP*

Hudson, New York  
March 30, 2023