OIL REGION ALLIANCE OF BUSINESS, INDUSTRY AND TOURISM

Oil City, Pennsylvania

FINANCIAL STATEMENTS

December 31, 2010 and 2009

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FINANCIAL STATEMENTS
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CONTENTS

May & Company

Certified Public Accountants

Oil City, Pennsylvania

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Oil Region Alliance of Business, Industry and Tourism

We have audited the accompanying statements of financial position of Oil Region Alliance of Business, Industry and Tourism as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oil Region Alliance of Business, Industry and Tourism as of December 31, 2010 and 2009, and its changes in net assets and cash flows, in conformity with accounting principles generally accepted in the United States of America.

May & Company

December 5, 2011

OIL REGION ALLIANCE OF BUSINESS, INDUSTRY AND TOURISM

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

ASSETS

	2010	2009
Cash and cash equivalents	$ 227,983	$ 82,559
Certificate of deposit	-	66,295
Investments	653,839	513,893
Investments in limited partnerships	680	560
Accounts and grants receivable	360,876	446,141
Note receivable	25,000	25,000
RSIP loans receivable - net of allowance for doubtful accounts of $6,119	-	-
Rts 8 & 62 RLF loans receivable	77,664	88,080
Venango County RLF loans receivable	47,331	52,671
Loan receivable - IPEG/Conair	-	120,000
Inventory	459	81
Prepaid expenses	9,549	1,065
Loan acquisition fee	10,641	10,641
Building and improvements	213,654	213,654
Office equipment	320,203	316,065
Vehicle	40,663	-
Development Projects:		
Owned projects	1,280,056	2,928,673
Land and improvements	1,193,930	1,193,930
Less, accumulated depreciation and amortization	(620,392)	(625,423)
Total Assets	$ 3,842,136	$ 5,433,885

LIABILITIES AND NET ASSETS

	2010	2009
Liabilities		
Accounts payable	$ 221,463	$ 166,203
Payroll and payroll tax liabilities	20,114	21,660
Deposits invested in trust	45,113	64,918
Unearned grant revenue	70,000	70,000
Advance from limited partnership	242,000	140,000
Other liabilities	19,557	19,122
Line of credit	219,263	284,000
Long term debt	464,096	2,113,787
Total Liabilities	1,301,606	2,879,690
Net Assets		
Unrestricted	2,346,709	2,176,594
Temporarily restricted	156,095	339,875
Permanently restricted	37,726	37,726
Total Net Assets	2,540,530	2,554,195
Total Liabilities and Net Assets	$ 3,842,136	$ 5,433,885

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

OIL REGION ALLIANCE OF BUSINESS, INDUSTRY AND TOURISM
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Grants	$ -	$ 852,595	$ -	$ 852,595
Hotel tax	-	162,029	-	162,029
Local match funds	-	-	-	-
VIDA contributions	32,792	-	-	32,792
Other contributions	86,295	25,403	-	111,698
Membership dues	87,355	-	-	87,355
Cooperative advertising	27,949	-	-	27,949
Sale of merchandise	25,250	-	-	25,250
Rentals	159,419	-	-	159,419
Fees	96,344	-	-	96,344
Special events	28,672	-	-	28,672
Gain on sale of property	1,016,605	-	-	1,016,605
Interest income	6,254	-	-	6,254
Miscellaneous	2,558	-	-	2,558
Net assets released from restrictions	1,223,807	(1,223,807)	-	-
Total Revenues, Gains and Other Support	2,793,300	(183,780)	-	2,609,520
EXPENSES				
Management and general	314,006	-	-	314,006
Program services	1,820,434	-	-	1,820,434
Property management	348,436	-	-	348,436
Fundraising	145,254	-	-	145,254
Total Expenses	2,628,130	-	-	2,628,130
INVESTMENT ACTIVITY				
Interest and dividends	11,847	-	-	11,847
Realized gain on sale of investments	368	-	-	368
Agency account fees	(3,535)	-	-	(3,535)
Unrealized loss on investments	(3,735)	-	-	(3,735)
Total Investment Activity	4,945	-	-	4,945
Change in Net Assets	170,115	(183,780)	-	(13,665)
Net Assets, Beginning of Year	2,176,594	339,875	37,726	2,554,195
Net Assets, End of Year	$ 2,346,709	$ 156,095	$ 37,726	$ 2,540,530

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

OIL REGION ALLIANCE OF BUSINESS, INDUSTRY AND TOURISM
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Grants	$ 50,000	$ 1,017,596	$ -	$ 1,067,596
Hotel tax	-	155,246	-	155,246
Local match funds	-	32,500	-	32,500
VIDA contributions	25,000	-	-	25,000
Other contributions	87,750	47,827	-	135,577
Membership dues	110,058	-	-	110,058
Cooperative advertising	24,650	-	-	24,650
Sale of merchandise	51,097	-	-	51,097
Rentals	635,942	-	-	635,942
Fees	116,781	-	-	116,781
Special events	44,920	-	-	44,920
Oil and gas royalties	309	-	-	309
Interest income	5,410	-	-	5,410
Miscellaneous	6,949	-	-	6,949
Net assets released from restrictions	1,399,361	(1,399,361)	-	-
Total Revenues, Gains and Other Support	2,558,227	(146,192)	-	2,412,035
EXPENSES				
Management and general	255,859	-	-	255,859
Program services	1,862,465	-	-	1,862,465
Property management	562,796	-	-	562,796
Fundraising	29,179	-	-	29,179
Total Expenses	2,710,299	-	-	2,710,299
INVESTMENT ACTIVITY				
Interest and dividends	22,477	-	-	22,477
Realized gain on sale of investments	195	-	-	195
Agency account fees	(2,925)	-	-	(2,925)
Unrealized loss on investments	(2,076)	-	-	(2,076)
Total Investment Activity	17,671	-	-	17,671
Change in Net Assets	(134,401)	(146,192)	-	(280,593)
Net Assets, Beginning of Year	2,310,995	486,067	37,726	2,834,788
Net Assets, End of Year	$ 2,176,594	$ 339,875	$ 37,726	$ 2,554,195

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

OIL REGION ALLIANCE OF BUSINESS, INDUSTRY AND TOURISM

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010

	Management & General	Program Services	Property Management	Fundraising	Total
Salaries and wages	$ 159,744	$ 384,846	$ 26,930	$ 100,986	$ 672,506
Personnel benefits	50,476	105,982	5,420	22,904	184,782
Payroll taxes	4,883	10,680	2,485	9,320	27,368
Staff development	3,079	555	-	-	3,634
Contract services	407	478,657	2,802	227	482,093
Marketing	-	113,856	-	-	113,856
Professional fees	26,344	119,384	16,244	844	162,816
Occupancy	8,605	39,109	94,007	3,147	144,868
Communications	2,263	11,182	1,940	683	16,068
Office expense	10,963	65,212	687	2,296	79,158
Travel, meetings, and conferences	6,974	34,454	102	315	41,845
Insurance	4,922	25,424	1,525	2,141	34,012
Dues and subscriptions	1,116	13,590	13	52	14,771
Interest	846	2,826	39,083	307	43,062
Bank charges	96	387	-	-	483
Payments to or on behalf of other organizations	11,266	225,709	-	104	237,079
Depreciation and amortization	7,856	24,283	37,677	714	70,530
Real estate taxes	613	3,779	14,618	192	19,202
Miscellaneous	3,940	18,349	306	1,022	23,617
Equipment purchased with grant funds	-	7,099	66	-	7,165
Federal income tax	9,613	-	-	-	9,613
Uncollectible revenue	-	135,071	104,531	-	239,602
	$ 314,006	$ 1,820,434	$ 348,436	$ 145,254	$ 2,628,130

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

OIL REGION ALLIANCE OF BUSINESS, INDUSTRY AND TOURISM

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2009

	Management & General	Program Services	Property Management	Fundraising	Total
Salaries and wages	$ 159,209	$ 492,100	$ 57,894	$ 14,474	$ 723,677
Personnel benefits	35,118	108,548	12,770	3,193	159,629
Payroll taxes	9,273	49,155	3,372	843	62,643
Staff development	3,115	11,288	-	283	14,686
Contract services	1,581	578,248	-	905	580,734
Marketing	66	169,394	-	2,858	172,318
Professional fees	3,154	20,903	60,702	287	85,046
Occupancy	14,699	60,624	92,804	3,288	171,415
Communications	3,358	15,178	1,014	465	20,015
Office expense	9,682	80,966	3,986	1,072	95,706
Travel, meetings, and conferences	1,763	39,819	641	160	42,383
Insurance	2,401	7,795	14,865	218	25,279
Dues and subscriptions	448	10,172	-	41	10,661
Interest	1,595	4,931	103,422	145	110,093
Bank charges	55	876	-	5	936
Payments to or on behalf of other organizations	559	154,067	-	51	154,677
Depreciation and amortization	7,153	22,111	75,202	652	105,118
Real estate taxes	151	2,293	71,558	14	74,016
Miscellaneous	2,479	33,997	64,566	225	101,267
	$ 255,859	$ 1,862,465	$ 562,796	$ 29,179	$ 2,710,299

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

OIL REGION ALLIANCE OF BUSINESS, INDUSTRY AND TOURISM
STATEMENTS OF CASH FLOWS
December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (13,665)	$ (280,593)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation and amortization	70,530	105,118
Realized and unrealized loss on investments, net	3,367	1,881
Realized gain on development project sale	(1,016,605)	-
Changes in certain operating assets and liabilities:		
(Increase) Decrease in accounts receivable	85,265	(54,203)
(Increase) Decrease in loans receivable	135,756	(53,507)
(Increase) Decrease in inventory	(378)	384
(Increase) in prepaid expenses	(8,484)	(1,065)
Increase (Decrease) in accounts payable	55,260	(188,665)
Increase (Decrease) in payroll and payroll tax liabilities	(1,546)	1,741
(Decrease) in deposits in trust	(19,805)	(24,357)
(Decrease) in unearned grant revenue	-	(39,017)
Increase in advance from limited partnership	102,000	140,000
Increase in other liabilities	435	19,122
Net cash used by operating activities	(607,870)	(373,161)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of development project	1,000,000	-
Proceeds from sales of investments	495,150	190,980
Purchases of investments	(638,463)	(210,532)
Additions to investments in limited partnerships	(120)	(163)
Purchases of property and equipment	(36,249)	(45,265)
Net cash provided (used) by investing activties	820,318	(64,980)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in line of credit	(64,737)	120,000
Proceeds from long-term debt	30,000	-
Payments on long-term debt	(98,582)	(41,441)
Net cash provided by financing activties	(133,319)	78,559
Net increase (decrease) in cash	79,129	(359,582)
Cash, Beginning of Year	148,854	508,436
Cash, End of Year	$ 227,983	$ 148,854

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES

Equipment purchased through long-term debt	$ 27,891	$ -
Long-term debt exchanged for development project	$ 1,609,000	$ -

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

Note 1 – Nature of Activities

In connection with efforts to form a better economic development delivery system for the region, members of the boards of Oil City Community Development Corporation, Oil Heritage Region, Inc. and Oil Heritage Region Tourist Promotion Agency, Inc. voted to merge into Venango Economic Development Corporation (VEDC). The merger took effect on January 16, 2005. The Corporation's name was changed to Oil Region Alliance of Business, Industry and Tourism (ORA) after the merger.

ORA is organized as a non-profit corporation and is the lead economic development agency for Pennsylvania's historic Oil Region. ORA is also the official tourist promotion agency serving the Region and is administrator of the Pennsylvania Oil Region Heritage Area and Oil Region National Heritage Area. The bylaws of the Corporation provide for unlimited membership with a maximum of 25 members on the board of directors.

ORA provides administrative services to Venango Industrial Development Authority (VIDA). VIDA's function is to provide a vehicle for financing industrial projects through the issuance of industrial development authority obligations. In connection therewith VIDA realizes income from financing fees, portions of which are transferred to ORA from time to time as operating service income.

ORA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Note 2 – Accounting Policies

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting.

Financial Statement Presentation:

Net assets, revenues and expenses are classified based on the existence or absence of donor or grantor imposed restrictions. Net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor or grantor imposed stipulations.

Note 2 – Accounting Policies (continued)

Temporarily Restricted Net Assets – Net assets subject to donor or grantor imposed stipulations that may or will be met, either by actions of ORA and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor or grantor imposed stipulations that would be maintained permanently by ORA.

Cash and Cash Equivalents:

Cash and cash equivalents consist of cash in checking or savings accounts and petty cash.

Investments:

Investments are recorded at market value.

Inventory:

Inventory consists of Jack Paluh prints valued at the lower of cost or market.

Development Projects:

Projects purchased and/or constructed by ORA and leased to tenants are accounted for as owned projects. The costs of such projects are generally being amortized over the term of the underlying debt or the estimated life of the underlying asset.

Some projects have been constructed by ORA and sold. These projects generally entail the assumption of mortgage loans by the buyer. ORA is contingently liable for the underlying debt, details of which are stated in Note 14.

Property and Equipment:

The costs of property and the costs of equipment not purchased with grant funds are capitalized at the time of purchase and are written off over their estimated useful lives using the straight-line method of depreciation. Costs of equipment purchased with grant funds are expensed as grant expenses. Prior to 2006, any equipment purchased by Oil Heritage Region, Inc. was expensed when purchased; accordingly, property and equipment does not include any assets previously purchased by Oil Heritage Region, Inc.

Note 2 – Accounting Policies (continued)

Functional Allocation of Expenses:

The cost of providing ORA's various programs and supporting services have been summarized on a functional basis in the statement of activities and detailed on the statement of functional expenses.

Allocation of personnel, occupancy and other expenses (not classified as direct costs) are based upon management's estimate of proportionate efforts on behalf of each classification. Accordingly, actual cost allocations could differ if actual time and space allocations were utilized.

For both 2010 and 2009, fundraising expenses consisted primarily of membership development.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Statement of Cash Flows:

For the purposes of the statement of cash flows, cash at December 31, 2009 included its certificate of deposit which had a maturity of ninety-two days.

Donated Services:

The value of the non-compensated time of the board of directors has not been reflected in the accompanying financial statements since no objective basis is available to measure such services. The use of office furniture has been donated by several local organizations. The value of this use has not been reflected in the accompanying financial statements.

Concentration of Risk Factors:

ORA maintains several checking and savings accounts in various local banks. Accounts at each institution were insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. There were no deposits in excess of the FDIC limit at either December 31, 2010 or 2009.

ORA derives a significant portion of its revenues from federal, state and local governments. Therefore, economic or political influences could have a significant impact on ORA's operations.

Note 3 – Investments

Investments of the corporation at December 31, 2010 and 2009 are as follows:

	2010		2009	
PNC Bank- Agency Account:	Market Value	Cost	Market Value	Cost
Money Market	$ 48,697	$ 48,697	$ 16,548	$ 16,548
Bonds and bond funds	605,142	606,905	497,345	495,478
Total Investments	$ 653,839	$ 655,602	$ 513,893	$ 512,026

On February 15, 2008, ORA withdrew $200,000 from the Agency Account to assist in the purchase of land at the Sandycreek Industrial Park. During 2010, the funds were returned to the account.

Note 4 – Note Receivable

On June 13, 1986, an interest-free loan of $25,000 was made to the Oil Creek Railway Historical Society, Inc. for a term of ten years. Collateral is provided by a security agreement on certain railway equipment. By previous action of the board of directors the maturity date of the loan was extended an additional five years. On April 12, 2001, the board of directors approved a second five-year extension. During December 2006, the board allowed a third 5-year extension on this loan, which will now be due in December 2011. The note is carried at its face amount without giving recognition to discounting market factors.

Note 5 – RSIP Notes Receivable

In 1987, a $60,000 grant was received from the Edith C. Justus Charitable Trust to initiate a Retail Sales Incentive Project (RSIP). The RSIP program created a revolving loan fund to provide low-interest loans to small businesses. Project guidelines provide for maximum loans of $5,000 per project, $10,000 per applicant, a 3% annual interest rate (subsequently increased to 5%) and 5 to 7 years repayment.

The program incurred a one-time administrative charge of $3,000. Interest earned, as well as principal repayments, are to be reinvested into the program.

As of December 31, 2010 there were three outstanding RSIP loans with an aggregate balance of $6,119, net of an allowance for doubtful accounts of an equal amount. No interest was earned in either 2010 or 2009 on such loans.

The program balance of $37,726 is reported as a permanently restricted net asset on the financial statements.

Note 6 – Rts. 8 & 62 RLF Loans Receivable

In 2004, a $50,000 grant was received from PA Department of Community and Economic Development, along with a $50,000 match from ORA, to initiate the Rts. 8 & 62 Loan Program. The Rts. 8 & 62 Loan Program created a revolving loan fund to provide low-interest loans to businesses along Routes 8 and 62 corridors from Liberty Street in Franklin to Rouseville for interior and exterior building improvements. All loans in this project are four-year loans with a 4% annual interest rate.

During 2007, three loans totaling $100,000 were issued. During 2009, one loan totaling $6,600 was issued.

As of December 31, 2010 the outstanding balances on the Rts. 8 & 62 RLF loans were $77,664. Interest earned in 2010 and 2009 on the loans was $3,320 and $2,664, respectively.

Note 7 – Venango County RLF Loans Receivable

In 2009, a $99,000 grant was received from the U. S. Department of Agriculture, Rural Development, along with a $51,000 match from ORA, which was provided by VIDA, to initiate the Venango County Revolving Loan Fund. This revolving loan fund provides low-interest loans to Venango County manufacturers for buying or upgrading fixed assets or for permanent working capital after being turned down by conventional lenders. Rates are market based with terms of not more than five years. All loans issued thus far have interest rates of 4%.

During 2009, two loans totaling $70,000 were issued. During 2010, one loan totaling $25,000 was issued.

As of December 31, 2010 the outstanding balances on the Venango County RLF loans were $47,331. Interest earned in 2010 and 2009 on the loans was $2,402 and $2,108, respectively.

Note 8 – Loan Receivable – IPEG/Conair

On August 12, 2008, ORA, the Franklin Industrial and Commercial Development Authority and the Franklin Chamber of Commerce jointly loaned $200,000 to IPEG/Conair to assist IPEG/Conair with (1) the consolidation of its operations at its Franklin facility and (2) the expansion of its Franklin facility. ORA's share of the loan is $120,000. The loan bears no interest and is to be repaid within two years of the date of the loan.

If IPEG/Conair consolidates its operations at the Franklin facility and meets certain job creation targets within two years, all three lending entities will convert the loan into a grant and relieve IPEG/Conair of any obligation to repay the loan.

During 2010, IPEG/Conair met the criteria for the conversion of the loan into a grant.

Note 9 – Owned Projects

At December 31, 2010 and 2009 the development projects owned by ORA and relevant data is as follows:

	2010		2009	
Project	Cost Incurred	Cost Amortized	Cost Incurred	Cost Amortized
Reno Multi Tenant Facility	$ 1,239,730	$ 268,346	$ 1,239,730	$ 236,961
Tarbell House	40,326	—	40,326	—
Former UPMC West Unit	—	—	1,648,617	72,127
	$ 1,280,056	$ 268,346	$ 2,928,673	$ 309,088

On October 22, 2009, ORA entered into an agreement to sell one of its owned projects, the former UPMC West Unit, to the County of Venango, which had been leasing the building from ORA under a long-term lease agreement. Under terms of the sale agreement, the County of Venango would assume the mortgage from PNC Bank (Note 13(c)) and, in addition, would pay $1,000,000 to ORA to purchase the property and terminate the lease. On February 25, 2010, the transaction was completed.

Note 10 – Land and Improvements

All costs of acquisition and subsequent improvements are recorded net of costs removed for parcels sold. Accumulated costs at both December 31, 2010 and 2009 are as follows:

Site	
Sandycreek Industrial Park	$ 302,733
Reno I	8,803
Seneca	84,320
Sugarcreek	144,472
Barkeyville	650,522
Allegheny Overlook	3,080
	$ 1,193,930

Note 11 – Deposits Invested In Trust

ORA invests funds on behalf of VIDA. Interest earned is credited to the account of VIDA on ORA's books of account and payments are made to VIDA on an as-requested basis.

Note 12 – Line of Credit

ORA has a $350,000 line of credit with PNC Bank. Any outstanding balance on this line of credit is subject to a variable interest rate equal to the bank's prime rate, which was 3.25% at both December 31, 2010 and 2009. The outstanding balances due at December 31, 2010 and 2009 were $219,263 and $284,000, respectively.

Note 13 – Long Term Debt

(a) During 2003, ORA obtained a $940,000 twelve-month time note from National City Bank (now PNC) to assist in the acquisition of the Reno Multi-Tenant Facility. The note was secured by a first position mortgage lien against the Facility, and was subject to a variable interest rate equal to the Bank's prime rate, which was 4.25% at December 31, 2002. The note was designed to provide ORA with a low carrying cost financing arrangement until proceeds from governmental grants and loans were received. Upon the receipt of a $500,000 IDP grant from the Commonwealth of Pennsylvania, $400,000 was applied against the principal of the note during 2002. Upon receipt of a loan from PIDA, an additional $260,000 was applied against the principal of the note in 2003.

During 2003 permanent financing of the remaining $280,000 was obtained from National City Bank (now PNC). Terms of the note specify monthly payments of $2,520, including interest of 6.92%, through 2017. The balance due on the loan at December 31, 2010 was $169,782.

Annual maturities of the note are as follows:

2011	$ 19,089
2012	20,453
2013	21,914
2014	23,479
2015	25,156
Thereafter	59,691
Total	$ 169,782

(b) During 2003, ORA secured a mortgage loan from PIDA in an amount of $359,100 to assist in the acquisition of the Reno Multi-Tenant Facility. The loan bears interest at a rate of 3.00% and matures within a term of 15 years from the date of the loan. Payments of interest only were due for the first two years of the loan. On April 1, 2005 monthly payments of $2,783 were to begin. However, ORA continued, for the remainder of 2005, to make interest only payments, which were accepted by PIDA. Principal payments began in 2006. The balance due on the loan at December 31, 2010 was $239,428.

Annual maturities of the note are as follows:

2011	$ 26,586
2012	27,394
2013	28,227
2014	29,086
2015	29,971
Thereafter	98,164
Total	$ 239,428

Note 13 – Long Term Debt (continued)

(c) During 2007, ORA secured a mortgage loan from National City Bank (now PNC) in the amount of $1,609,000 to help with the purchase of the former UPMC West Unit in Franklin. The loan is secured by the building. Payments of interest only at 5.42% were due for the first two years of the loan. On March 2010, monthly payments of $14,457 were to begin. The note was assumed by the County of Venango on February 25, 2010 (See Note 9).

(d) On August 12, 2008, the Northwest Pennsylvania Regional Planning and Development Commission (Commission) loaned to ORA $50,000 to assist in the funding of ORA's $120,000 loan to IPEG/Conair. The terms of the note are for ORA to repay the Commission as the funds are repaid by IPEG/Conair to ORA. If the loan from ORA to IPEG/Conair is converted to a grant, the loan from the Commission to ORA will convert to a grant as well.

During 2010, IPEG/Conair met the criteria for the conversion of its loan into a grant; therefore, the loan from the Commission was re-characterized as a grant.

(e) On March 18, 2010, ORA borrowed $27,891 from Galaxy Federal Credit Union to partially finance the purchase of a vehicle. The loan, secured by the vehicle, is payable in seventy-two monthly payments of $456, including interest at 5.49%. The balance due on the loan at December 31, 2010 was $24,884.

(f) On November 1, 2010, ORA secured a mortgage loan from Preservation Pennsylvania (a non profit corporation) in the amount of $30,000 for the purpose of rehabilitating the Neilltown Church so that it can be utilized as a venue for cultural activities. The loan is secured by the land, building, and improvements located at the Neilltown Church site. Payments of interest only at 4.25% are due quarterly for twenty-one payments and began on December 31, 2010. The principal will be due and payable on January 1, 2016.

Note 14 – Contingent Liabilities

(a) The corporation is contingently liable on notes payable to PIDA. PIDA reported the following balances owing at December 31, 2010:

Tippery Partnership, LP	$ 106,649
Schvaro Realty Co.	189,765
Renovex, Inc.	444,645
Hardinger Transfer Co., Inc.	1,364,494
	$ 2,105,553

For those projects considered by PIDA after June 4, 1980, ORA is liable for only one-half of any project loss. This is in accordance with a loss-sharing agreement with PIDA. The agreement may be revoked at any time at the sole discretion of PIDA.

Note 14 – Contingent Liabilities (continued)

(b) ORA is a general partner in Drake Commons II Associates. ORA has a 99% ownership interest in this partnership. Furthermore, Drake Commons II Associates is the general partner in the limited partnership Drake Commons Associates. ORA has a 1% ownership in this limited partnership. First National Bank is the limited partner, with a 99% ownership interest. The limited partnership owns and operates an apartment building in Oil City, Pennsylvania.

Beginning April 1, 2010 First National Bank has the option to sell its interest in the limited partnership, and Drake Commons II Associates has the right, but not the obligation to purchase said interest. In the event Drake Commons II Associates does not exercise the option to purchase, First National Bank has the right to commence marketing the apartment building to a third party.

Notwithstanding any of the foregoing, in the event of a sale or refinancing, First National Bank has the option to sell its interest to the partnership and, in the event it exercises this option, Drake Commons II Associates is obligated to purchase the Bank's interest.

As of the date of this report, First National has not exercised its option to sell its interest in the limited partnership.

Note 15 – Non-Monetary Transactions

Without charge, the County of Venango provides an employee and other services for the benefit of the corporation. Under an arrangement with VIDA, an automobile leased by VIDA had been available for use by ORA personnel. ORA was obligated to pay for certain operating expenses relative to the automobile usage and these were shown as expenses of the organization. During 2010, VIDA provided funding to ORA to assist in the purchase of a vehicle by ORA. The non-monetary benefits have not been valued, and therefore are not reflected in the financial statements.

Note 16 – Donated Assets

During 2002, the National Fuel Gas Company donated to ORA a natural gas collection that represents the innovations, growth, transitions, territory, customers, employees, leadership, and even the competitors it faced from the chartering of the Oil City Gas Company on January 26, 1876 through the December 8, 1902 incorporation of the National Fuel Gas Company as a public utility holding company and continuing through 2002. This collection has an uncertain value and, in accordance with accounting principles generally accepted in the United States of America, is not recognized in the financial statements. This collection is currently being held in storage in order to preserve the collection for future generations.

Note 17 – Subsequent Event

During 2011, ORA entered into a drilling agreement with an individual to drill up to ten oil wells over the next two years on property which the individual has a seven-eighths mineral right interest (Shell Oil has the remaining one-eighth interest). The purpose of the project is both educational and financial in scope. ORA will provide financing for the project and the individual will provide on-location oversight. After paying Shell's one-eighth interest, full recovery of the original investment by ORA for each well, and operational costs, the individual and ORA will have a 60% and 40% interest in the wells, respectively. Drilling of the first two wells began in August 2011, with first oil production scheduled for December 2011.