

SULLIVAN COUNTY FUNDING CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2022

SULLIVAN COUNTY FUNDING CORPORATION
DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of the Sullivan County
Funding Corporation
Monticello, NY 12701

Opinions

We have audited the accompanying financial statements of the Sullivan County Funding Corporation, a component unit of the County of Sullivan, New York, as of and for the year ended December 31, 2022, and the related the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sullivan County Funding Corporation as of December 31, 2022, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sullivan County Funding Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Prior Period Financial Statements

The prior year comparative information was derived from the Corporation's December 31, 2021 financial statements and, in a report by other auditors dated March 31, 2022, they expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sullivan County Funding Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sullivan County Funding Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sullivan County Funding Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 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 16, 2023, on our consideration of the Sullivan County Funding 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 the 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 the Sullivan County Funding Corporation's internal control over financial reporting and compliance.

Cooper Arias, LLP

Mongaup Valley, New York
March 16, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ending December 31, 2022

This section of the Sullivan County Funding Corporation’s annual financial report presents our discussion and analysis of the Corporation’s financial performance during the fiscal year ended on December 31, 2022. Please read it in conjunction with the Corporation’s financial statements and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: Management’s Discussion and Analysis (this section) and the basic financial statements. The Corporation’s statements follow the accrual basis of accounting and are presented in a manner similar to a private business.

FINANCIAL ANALYSIS OF THE CORPORATION

The following table summarizes the changes in net position between December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Current Assets	\$ 484,235	\$ 455,107
Non-Current Assets	<u>143,246</u>	<u>526,014</u>
Total Assets	<u>627,481</u>	<u>981,121</u>
Current Liabilities	19,609	-
Long Term Liabilities	<u> -</u>	<u> -</u>
Total Liabilities	<u>19,609</u>	<u> -</u>
Unrestricted	<u>607,872</u>	<u>981,121</u>
Total Net Position	<u>\$ 607,872</u>	<u>\$ 981,121</u>

The main reason for the decrease in net position was the proceeds of the land sale being transferred back to the County of Sullivan. See Note 5 to the financial statements for details on the transaction.

MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ending December 31, 2022

The following table summarizes the changes in operating activity between fiscal years 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Administrative Fees	\$ 200	\$ 2,000
Interest on Notes Receivable	<u>6,477</u>	<u>6,582</u>
 Total Operating Revenues	 <u>6,677</u>	 <u>8,582</u>
Advertising and Marketing	25,028	25,000
Administration Fees	20,000	20,000
Consulting Services	14,450	37,838
Other Administrative Expenses	<u>7,396</u>	<u>2,976</u>
 Total Operating Expenses	 <u>66,874</u>	 <u>85,814</u>
 Operating Income (Loss)	 <u>\$ (60,197)</u>	 <u>\$ (77,232)</u>

OPERATIONS AND ACCOMPLISHMENTS

During 2022, the Board of Directors of the Sullivan County Funding Corporation (Corporation) met ten times. On March 14, the Board met to review the Corporation’s policies, mission statement, and performance measurements, and to conduct its annual board member self-evaluation. On March 30, the Board approved the 2021 Certified Financial Audit and Public Authorities Reporting Information System (PARIS) reports. On October 17, the Board approved the Corporation’s 2023 Budget and Financial Plan. In addition to meetings of the full Board of Directors, the Governance Committee met on December 12 to conduct its annual business.

During 2022 the Corporation continued to administer bonds issued in prior years, to finance projects for the benefit of The Center for Discovery, Inc. (TCFD) and Sullivan County Community College Dormitory Corporation. During 2022 the Corporation authorized an extension of the call date of the 2011 TCFD Bonds, and an amended and restated trust indenture relating to the 2011 TCFD Bonds.

In August 2022 the Corporation authorized the termination of its Millennium Revolving Loan Fund (MRLF) Program, and authorized the use of funds in the MRLF and future repayments of current loans for other economic development purposes. During 2022 four MRLF loans were satisfied, and no new loans were issued. As of December 31, 2022 the Corporation continues to administer five MRLF loans. These are small loans for small businesses seeking to expand and grow in Sullivan County.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Year Ending December 31, 2022

In November 2022 the Corporation authorized the acceptance of conveyance of a parcel of real estate in the Town of Thompson from the County of Sullivan, for economic development purposes. As of December 31, 2022 the parcel has not yet been conveyed to the Corporation.

In December 2022 the Corporation transferred title of a parcel of real estate in the Village of Monticello, Town of Thompson, to Monticello Industrial Park LLC in accordance with agreements executed in a prior year. Ninety-nine percent of the net proceeds from the sale of this parcel were paid to the County of Sullivan.

In 2022 the Corporation continued its commitment to the County’s agricultural industry through its engagement of Hudson Valley AgriBusiness Development Corporation (“HVADC”). HVADC provides technical assistance to Sullivan County’s agricultural businesses and supports large-scale initiatives to strengthen the County’s overall farm and food economy.

CAPITAL ASSETS

The Corporation had no capital assets as of December 31, 2022.

DEBT

The Corporation had no debt as of December 31, 2022.

CONTACTING THE CORPORATION’S MANAGEMENT

If you have any questions about this report or need additional information, contact Jennifer Flad, Executive Director, Sullivan County Funding Corporation, at 548 Broadway Monticello, NY 12701.

SULLIVAN COUNTY FUNDING CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2022
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2021)

ASSETS	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and Cash Equivalents	\$ 430,752	\$ 396,020
Accounts Receivable	526	-
Prepaid Expenses	7,056	-
Notes Receivable- Current	<u>45,901</u>	<u>59,087</u>
Total Current Assets	<u>484,235</u>	<u>455,107</u>
Non-Current Assets:		
Notes Receivable	143,246	206,214
Capital Assets, net	<u>-</u>	<u>319,800</u>
Total Non-Current Assets	<u>143,246</u>	<u>526,014</u>
TOTAL ASSETS	<u>627,481</u>	<u>981,121</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	<u>19,609</u>	<u>-</u>
Total Current Liabilities	<u>19,609</u>	<u>-</u>
TOTAL LIABILITIES	<u>19,609</u>	<u>-</u>
NET POSITION		
Unrestricted	<u>607,872</u>	<u>981,121</u>
TOTAL NET POSITION	<u>\$ 607,872</u>	<u>\$ 981,121</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY FUNDING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Administrative Fees	\$ 200	\$ 2,000
Interest on Notes Receivable	<u>6,477</u>	<u>6,582</u>
Total Operating Revenues	<u>6,677</u>	<u>8,582</u>
OPERATING EXPENSES		
Advertising and Marketing	25,028	25,000
Administrative Fees	20,000	20,000
Bank Charges	20	5
Consulting Services	14,450	37,838
Insurance	7,212	2,618
Miscellaneous Expenses	49	-
Repairs and Maintenance	<u>115</u>	<u>353</u>
Total Operating Expenses	<u>66,874</u>	<u>85,814</u>
NET OPERATING INCOME (LOSS)	<u>(60,197)</u>	<u>(77,232)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	182	216
Contributed Assets	-	319,800
Gain on Sale of Property (Note 5)	285,950	-
Transfer to County of Sullivan (Note 5)	<u>(599,184)</u>	<u>-</u>
Net Non-Operating Revenues (Expenses)	<u>(313,052)</u>	<u>320,016</u>
CHANGE IN NET POSITION	(373,249)	242,784
NET POSITION- Beginning of the Year	<u>981,121</u>	<u>738,337</u>
NET POSITION- End of the Year	<u>\$ 607,872</u>	<u>\$ 981,121</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY FUNDING CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Providing Services and Loan Payments	\$ 82,305	\$ 67,003
Payments to Contractors	(53,571)	(70,152)
Payments to Related Parties	<u>(20,000)</u>	<u>(20,000)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>8,734</u>	<u>(23,149)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest Income	182	216
Proceeds from Sale of Property	625,000	-
Transfer to County of Sullivan	<u>(599,184)</u>	<u>-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>25,998</u>	<u>216</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	34,732	(22,933)
CASH AND CASH EQUIVALENTS- Beginning of the Year	<u>396,020</u>	<u>418,953</u>
CASH AND CASH EQUIVALENTS- End of the Year	<u>\$ 430,752</u>	<u>\$ 396,020</u>
Reconciliation of operating revenue (loss) to net cash provided (used) by operating activities:		
Operating Income (Loss)	\$ (60,197)	\$ (77,232)
Changes in Assets and Liabilities		
(Increase) Decrease in Operating Assets:		
Notes Receivable	76,154	58,421
Accounts Receivable	(526)	-
Prepaid Expenses	(7,056)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	<u>359</u>	<u>(4,338)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 8,734</u>	<u>\$ (23,149)</u>
Non-Cash Transactions:		
Sullivan County transferred property to SCFC	<u>\$ -</u>	<u>\$ 319,800</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY FUNDING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Sullivan County Funding Corporation (the “Corporation”) was established on November 24, 2010 under Section 1411 of the Not For Profit Corporation Law, which covers local development corporations. The purpose of the Corporation is to foster the creation, retention and expansion of jobs and economic opportunities within Sullivan County. The Corporation’s main revenue sources are administrative fees paid by entities seeking assistance and interest income generated by loans issued to local businesses.

The Corporation was established to relieve and reduce unemployment, promote and provide for additional maximum employment, improve and maintain job opportunities, and lessen the burden of government and act in the public interest by undertaking and promoting economic development initiatives in Sullivan County, New York.

The Corporation is a component unit of the County of Sullivan, New York. The County Manager appoints the board members of the Corporation. The financial activities of the Corporation are combined with the financial activities of the County of Sullivan and other component units, which constitutes the entire reporting entity for the County of Sullivan.

Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

The Corporation follows the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred. Fixed assets and long-term liabilities related to these activities are recorded within the financial statements.

Use of Estimates

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

Operating Revenues and Expenses

In the statement of revenues, expenses and changes in fund net position, operating revenues and expenses include all activity that is part of the Corporation’s normal operating activities. Interest

SULLIVAN COUNTY FUNDING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

earned on cash balances, depreciation and unusual or infrequent items are included as non-operating activities.

Cash and Equivalents

For the statement of cash flows, the Corporation considers all highly liquid investments as cash.

New Accounting Standards

The Corporation has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2022 the Corporation implemented the following new standards:

GASB 87 – *Leases*

GASB 92 – *Omnibus*

GASB 93 – *Replacement of Interbank Offered Rates*, except for the removal of LIBOR as an appropriate benchmark interest rate, which is effective for the year ending December 31, 2023.

GASB 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No.32*

Future Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 93 – *Replacement of Interbank Offered Rates*, effective for the year ending December 31, 2022, except for the removal of LIBOR as an appropriate benchmark interest rate, which is effective for the year ending December 31, 2023.

GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending December 31, 2023

GASB 96 – *Subscription-Based Information Technology Arrangements*, effective for the year ending December 31, 2023.

SULLIVAN COUNTY FUNDING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 99 – *Omnibus 2022*, effective for the year ending December 31, 2023 except for the portion related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53, which is effective for the year ending December 31, 2024.

GASB 100 – *Accounting Changes and Error Corrections – an amendment of GASB 62*, effective for year ending December 31, 2024

GASB 101 – *Compensated Absences*, effective for the year ending December 31, 2024

The Corporation will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Equity Classifications

In the financial statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Agency.

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the Corporation and then determine which classification of net position will be applied.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate

SULLIVAN COUNTY FUNDING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Corporation reported no deferred outflows or inflows of resources as of December 31, 2022 and 2021.

NOTE 2 – CONDUIT DEBT - REVENUE BONDS

Certain revenue bonds arranged by the Corporation are not obligations of the Corporation. The Corporation does not record the assets or liabilities resulting from completed bond issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Corporation receives bond administration fees that are negotiated on a project by project basis.

No commitments beyond the collateral, payments from the not-for-profit entities, and maintenance of the tax exempt status of the debt obligations were extended by the Corporation. The Corporation does not act as a guarantor in the event collateralized properties and revenues as specified in the applicable financing agreements are insufficient to meet the debt service requirements.

Conduit debt activity for the year ended December 31, 2022 was as follows:

<u>Project Name</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>January 1, 2022</u>	<u>Reissuance</u>	<u>Redeemed</u>	<u>December 31, 2022</u>
The Center For Discovery, Inc.	2011	2037	Various	\$ 32,492,500	\$ (32,429,500)	\$ 63,000	\$ -
The Center For Discovery, Inc.	2022	2037	Various	-	32,429,500	3,660,000	28,769,500
The Center For Discovery, Inc.	2017	2042	Various	23,692,500	-	760,000	22,932,500
Sullivan County Community College Dormitory Corporation	2014	2039	4.30%	6,276,978	-	239,000	6,037,978
Sullivan County Community College Dormitory Corporation	2014	2024	5.34%	<u>250,382</u>	<u>-</u>	<u>57,000</u>	<u>193,382</u>
				<u>\$ 62,712,360</u>	<u>\$ -</u>	<u>\$ 4,779,000</u>	<u>\$ 57,933,360</u>

NOTE 3 – CASH AND INVESTMENTS

The Corporation has its own written investment policy. Corporation monies may be deposited in FDIC-insured commercial banks in the form of demand deposits or certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, and obligations of New York State. Repurchase agreements must be purchased from banks located within New York State and the underlying securities must be obligations of the United States of

SULLIVAN COUNTY FUNDING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

America or guaranteed by agencies of the United States of America.

Collateral is required for demand deposits and certificates of deposit on all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the United States of America and its agencies and obligations of New York State and its municipalities and school districts.

The Corporation’s aggregate bank balances included balances not covered by depository insurance at year end, collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Corporation’s name.	<u>\$ 160,368</u>
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NOTE 4 – NOTES RECEIVABLE

Notes receivable consist of amounts due from various business entities within Sullivan County. The purpose of these notes is to help local businesses expand and develop. A schedule of notes receivable at December 31, 2022 and 2021 is as follows:

<u>Borrower</u>	<u>Original Loan</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>BALANCE</u>	
					<u>2022</u>	<u>2021</u>
RH Campus, LLC	\$ 75,000	2012	2022	4.00%	\$ -	\$ 7,501
Fat Lady, LLC	36,420	2019	2025	3.00%	-	27,898
Country House Realty, Inc.	70,121	2013	2022	3.00%	-	173
Van Smokey Holding, LLC	75,000	2019	2028	4.00%	52,449	58,074
BWW Brewers, Inc.	75,000	2019	2026	4.00%	37,500	45,532
Western Catskills Truck Co.	62,350	2019	2027	4.00%	40,883	49,968
49 Main St. LLC	40,000	2017	2027	3.00%	18,000	22,000
49 Main St., LLC	10,000	2017	2022	3.00%	-	1,000
The Janice Center	75,000	2017	2025	4.00%	<u>40,315</u>	<u>53,155</u>
 Total Notes Receivable					 189,147	 265,301
Less: Current Portion					<u>(45,901)</u>	<u>(59,087)</u>
Long Term Portion					<u>\$ 143,246</u>	<u>\$ 206,214</u>

SULLIVAN COUNTY FUNDING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 – RELATED PARTIES

County of Sullivan Industrial Development Agency

The County of Sullivan Industrial Development Agency (the “Agency”), a component unit of the County of Sullivan, provides administrative services to the Corporation. For the years ended December 31, 2022 and 2021, the Corporation paid \$20,000 and \$20,000, respectively, to the Agency for bookkeeping and administrative costs. There were no outstanding balances between the two entities as of December 31, 2022 and 2021.

County of Sullivan

The Corporation is a component unit of the County of Sullivan, New York (the “County”). During the year ended December 31, 2021, the County transferred a parcel of land, valued at \$319,800, to the Corporation. During the year ended December 31, 2022, the Corporation sold the land for \$625,000 and recognized a gain on the sale of \$285,950. The Corporation then transferred 99% of the net proceeds, totaling \$599,184, back to the County. There were no outstanding balances between the two entities as of December 31, 2022 and 2021.

NOTE 6 – EVENTS OCCURRING AFTER REPORTING DATE

The Sullivan County Funding Corporation has evaluated events and transactions that occurred between December 31, 2022 and March 16, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent to the date of the financial statements, the Corporation entered into an agreement with Sullivan Catskills Regional Food Hub, Inc. (the “SCRFH”), a local not-for-profit organization. The Corporation will pay SCRFH \$500,000 to develop three specific programs that will connect producers and consumers of local farm and food products, and enhance food distribution services in Sullivan County. The payments will be made in five equal installments of \$100,000 beginning on the date of the agreement and followed by four more payments annually on July 1, 2023 through July 1, 2026.

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 the Sullivan County
Funding Corporation
Monticello, New York 12701

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 the Sullivan County Funding Corporation, a component unit of the County of Sullivan, New York, as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Sullivan County Funding Corporation's financial statements and have issued our report thereon dated March 16, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sullivan County Funding Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sullivan County Funding Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sullivan County Funding 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 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 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 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 that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sullivan County Funding Corporation, New York's financial statements are free of 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 result 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.

Cooper Arias, LLP

Mongaup Valley, New York
March 16, 2023