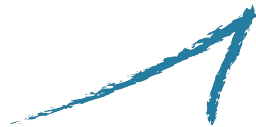


**SULLIVAN COUNTY
LAND BANK CORPORATION**

FINANCIAL REPORT

**For the Years Ended
December 31, 2020 and 2019**



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Certified Public Accountants | Business Advisors

SULLIVAN COUNTY LAND BANK CORPORATION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sullivan County Land Bank Corporation
Monticello, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Sullivan County Land Bank Corporation (the Land Bank), a nonprofit organization and a component unit of the County of Sullivan, which comprise the Statements of Financial Position as of December 31, 2020 and 2019, the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 auditors' 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 Land Bank'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 Land Bank'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.

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 financial position of the Sullivan County Land Bank Corporation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the year ended December 31, 2020, the Land Bank reviewed their grant receipts and expenses and determined expenses were incurred during 2019 but the associated granted revenue was not recognized as a receivable. As discussed in Note 7 to the financial statements, net assets as of December 31, 2019 were restated to reflect this change in policy. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2021 on our consideration of the Land Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Land Bank's internal control over financial reporting and compliance.

Other Reporting Required by New York State Public Authorities Law

In accordance with New York State Public Authorities Law, we have also issued our report dated April 29, 2021 on our consideration of the Land Bank's compliance with §2925(3)(f) of the New York State Public Authorities Law. The purpose of that report is to describe anything that came to our attention that caused us to believe the Land Bank failed to comply with the Land Bank's Investment Guidelines, the New York State Comptroller's Investment Guidelines, or §2925(3)(f) of the New York State Public Authorities Law.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
April 29, 2021

SULLIVAN COUNTY LAND BANK CORPORATION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

ASSETS	2020	2019 Restated
Current Assets		
Cash and Cash Equivalents	\$ 256,184	\$ 37,338
Property Receivable	2,000	-
Grants Receivable	391,628	253,964
Prepaid Expenses	6,393	1,590
Total Current Assets	656,205	292,892
Noncurrent Assets		
Land and Property Inventory	852,014	788,933
Property and Equipment, Net	1,462	1,949
Total Noncurrent Assets	853,476	790,882
Total Assets	\$ 1,509,681	\$ 1,083,774
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 4,475	\$ 34,245
Accrued Expenses	5,152	-
Unearned Revenue	59,663	-
Total Current Liabilities	69,290	34,245
Total Liabilities	69,290	34,245
Net Assets		
Without Donor Restrictions	1,440,391	1,049,529
Total Net Assets	1,440,391	1,049,529
Total Liabilities and Net Assets	\$ 1,509,681	\$ 1,083,774

See Notes to Financial Statements

SULLIVAN COUNTY LAND BANK CORPORATION

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,

	2020	2019 Restated
Revenues		
Grant Income	\$ 825,529	\$ 1,006,332
Contributions	2,000	5,000
In-Kind Donation - Property	-	534,810
In-Kind Donation - Personnel	42,957	70,134
In-Kind Donation - Travel	79	1,546
Other Income	7,495	-
Total Revenues	878,060	1,617,822
Expenses		
Program Services	308,880	807,131
Management and General	50,096	54,634
Total Expenses	358,976	861,765
Loss on Sale of Land and Property	(128,222)	(81,617)
Total Increase in Net Assets	390,862	674,440
Net Assets, Beginning of Year	1,049,529	375,089
Net Assets, End of Year	\$ 1,440,391	\$ 1,049,529

See Notes to Financial Statements

SULLIVAN COUNTY LAND BANK CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020 (With Comparative Totals for the Year Ended December 31, 2019)

	Program Services	Management and General	Total Expenses	
			2020	2019 Restated
Expenses				
Cost of Properties Sold	\$ 173,324	\$ -	\$ 173,324	\$ 577,551
Insurance	47,076	(2,727)	44,349	43,070
Professional Services	41,423	2,000	43,423	49,826
In-Kind Personnel	-	42,957	42,957	70,134
Taxes and Licenses	14,777	4,960	19,737	70,496
Legal Fees	12,419	2,088	14,507	22,102
Accounting Fees	12,341	-	12,341	12,409
Office Expenses	4,990	110	5,100	6,356
Dues and Subscriptions	2,000	150	2,150	2,000
Depreciation	-	487	487	487
Advertising	390	(8)	382	2,258
Travel	140	79	219	4,660
Landscaping and Maintenance	-	-	-	416
Total Expenses	\$ 308,880	\$ 50,096	\$ 358,976	\$ 861,765

See Notes to Financial Statements

SULLIVAN COUNTY LAND BANK CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	2019 Restated
Expenses			
Cost of Properties Sold	\$ 577,551	\$ -	\$ 577,551
Taxes and Licenses	64,478	6,018	70,496
In-Kind Personnel	35,067	35,067	70,134
Professional Services	44,926	4,900	49,826
Insurance	40,186	2,884	43,070
Legal Fees	21,612	490	22,102
Accounting Fees	9,809	2,600	12,409
Office Expenses	5,963	393	6,356
Travel	3,114	1,546	4,660
Advertising	2,035	223	2,258
Dues and Subscriptions	2,000	-	2,000
Depreciation	-	487	487
Landscaping and Maintenance	390	26	416
Total Expenses	\$ 807,131	\$ 54,634	\$ 861,765

See Notes to Financial Statements

SULLIVAN COUNTY LAND BANK CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	2020	2019 Restated
Cash Flows From Operating Activities		
Grant and Contribution Receipts	\$ 807,191	\$ 817,031
Cash Paid to Suppliers	<u>(588,345)</u>	<u>(1,018,849)</u>
Net Cash Provided by (Used in) Operating Activities	<u>218,846</u>	<u>(201,818)</u>
Cash Flows From Investing Activities	<u>-</u>	<u>-</u>
Cash Flows From Financing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>218,846</u>	<u>(201,818)</u>
Cash and Cash Equivalents, Beginning of Year	37,338	239,156
Cash and Cash Equivalents, End of Year	<u><u>\$ 256,184</u></u>	<u><u>\$ 37,338</u></u>
Noncash Operating Activities		
In-Kind Donation - Property	\$ -	\$ 534,810
In-Kind Donation - Personnel	42,957	70,134
In-Kind Donation - Travel	79	1,546
Insurance Reimbursement	<u>7,495</u>	<u>-</u>
Noncash Contributions - Operating Activities	<u><u>\$ 50,531</u></u>	<u><u>\$ 606,490</u></u>

See Notes to Financial Statements

SULLIVAN COUNTY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

***Note 1* Summary of Significant Accounting Policies**

Nature of Activities

The Sullivan County Land Bank Corporation (the Land Bank) was incorporated February 7, 2017 under Article 16 of the New York State Not-for-Profit Corporation Law. The Land Bank was formed to undertake, promote, and facilitate the return of vacant, abandoned, and tax-delinquent properties to productive use in order to eliminate the harms and liabilities caused by such properties.

Reporting Entity

The Land Bank is a nonprofit corporation and a component unit of the County of Sullivan. The financial activities of the Land Bank are combined with the financial activities of the County and other component units, which in turn constitute the entire reporting entity for the County.

Basis of Accounting

The Land Bank uses the accrual method of accounting and, accordingly, the financial statements reflect all significant receivables, payables, and other liabilities.

Use of Estimates

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

Basis of Presentation

The financial statements of the Land Bank have been prepared in accordance with U.S. GAAP, which requires the Land Bank to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Land Bank. These net assets may be used at the discretion of the Land Bank's management and the Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Land Bank or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities. There were no net assets with donor restrictions as of December 31, 2020 and 2019.

SULLIVAN COUNTY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 1 Summary of Significant Accounting Policies - Continued

Cash and Cash Equivalents

For cash flow purposes, the Land Bank considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Concentrations of Risk and Investments

The Land Bank maintains its accounts at a single financial institution. The Land Bank's cash balances may from time to time exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. At December 31, 2020 and 2019, \$13,421 and \$0, were uninsured, respectively.

Inventory

Land and property held as of December 31, 2020 and 2019 is valued at the following depending upon the condition of and management's intended use of the property:

- Vacant lots and properties intended for demolition are recorded at an industry determined de minimus value of \$151.
- Residential and commercial properties intended for rehabilitation are recorded at an amount equal to half of the total assessed value of the property as listed in the County's real property database. Any costs incurred during the rehabilitation process that are determined to add value to the property or are generally capitalized under U.S. GAAP are capitalized into inventory.

Property and Equipment

Fixed assets acquired by the Land Bank are capitalized at cost or, in the case of donated assets, at fair value at the date of acquisition and depreciated on a straight-line basis over their useful lives of 5-7 years.

Contributions

Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions depending on the existing and/or nature of any donor restrictions. There were no promises to give for the years ended December 31, 2020 and 2019.

Contracts With Customers

The Land Bank enters into contracts with customers for the sale of rehabilitated land and properties. At December 31, 2020 and 2019, the Land Bank has met the performance obligations in those respective agreements and recognized the corresponding revenue in the Statements of Activities.

Revenue

The Land Bank is primarily funded through grants from the County of Sullivan, local municipalities, and agencies of the State of New York.

SULLIVAN COUNTY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

***Note 1* Summary of Significant Accounting Policies - Continued**

Functional Expenses

The Statements of Functional Expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Land Bank are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas (indirect costs) have been allocated across programs, management and general, and fundraising expenses. Expenses were allocated by function using a reasonable and consistent approach that was primarily based on the costs attributable by function based on estimated percentage of time and effort, square footage, or full-time equivalent.

Tax Exemption

The Land Bank is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code. In addition, the Land Bank qualifies for the charitable contributions deduction under §170(b)(1)(A) and has been classified as an entity other than a private foundation under §509(a)(2). However, income from certain activities not directly related to the Land Bank's tax-exempt purpose is subject to taxation as unrelated business income. The Land Bank does not believe that it has any uncertain tax positions with respect to these or other matters and has not recorded any unrecognized tax benefits or liability for penalties or interest.

Advertising

Advertising costs are expensed as incurred.

Reclassification

Certain amounts reported at December 31, 2019 have been reclassified to conform to current year presentation.

Subsequent Events

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 29, 2021, the date by which the financial statements were available to be issued.

***Note 2* Investments**

In accordance with §2925(6) of the Public Authorities Law for New York State, the Land Bank reported no investments as of and for the years ended December 31, 2020 and 2019, respectively. Investment policies are reviewed annually.

***Note 3* Related Parties**

The Land Bank is a component unit of the County of Sullivan, but the Land Bank is legally separate from the County. The Directors of the Land Bank include several County legislators and elected or appointed officials of the Villages of Liberty and Monticello. Activity of the Land Bank is included in the combined financial statements of the County.

SULLIVAN COUNTY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 4 Property Inventory

In accordance with §2896(3) of the Public Authorities Law for New York State, the Land Bank reports it owns land and property with a recorded value of \$852,014 and \$788,933 at December 31, 2020 and 2019, respectively. The land is located within the County.

Note 5 Grant Revenue

The Land Bank recorded grants as follows at December 31:

	2020	2019
Grant Revenue		
Enterprise Community Partners, Inc.	\$ 597,414	\$ 398,714
New York State Local Initiatives Support Corporation	220,488	349,922
Other Grantors	7,627	22,696
Sullivan County	-	210,000
Village of Monticello	-	25,000
	\$ 825,529	\$ 1,006,332

Note 6 Availability and Liquidity

The following represents the Land Bank's financial assets at December 31:

	2020	2019
Financial Assets at Year End		
Cash and Cash Equivalents	\$ 256,184	\$ 37,338
Property Receivable	2,000	-
Grants Receivable	391,628	253,964
Total Financial Assets at Year End	649,812	291,302
Total Financial Assets Available Within One Year	\$ 649,812	\$ 291,302

The Land Bank manages financial assets to be available as its operating expenditures and liabilities come due.

SULLIVAN COUNTY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 7 **Restatement of Beginning Net Assets**

During the current year, the Land Bank’s management re-evaluated the total expenses related to grant income recognized in 2019, and determined that grant revenues were not recorded in 2019 that should have been. As a result, management has made the following net asset adjustments as of December 31, 2019:

Beginning Net Assets, as Previously Reported	\$ 795,565
Restatement of Grant Income	<u>253,964</u>
Beginning Net Assets, as Restated	<u><u>\$ 1,049,529</u></u>

Note 8 **Uncertainty - COVID-19**

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Land Bank operates.

While it is unknown how long these conditions will last and what the complete financial effect will be, the Land Bank expects to experience disruptions to its programs, and funding sources, which could negatively impact operating results in future periods.

**INDEPENDENT AUDITORS' 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***

Board of Directors
Sullivan County Lank Bank Corporation
Monticello, New York

We have audited, in accordance with the 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 Lank Bank Corporation (the Land Bank), a component unit of the County of Sullivan, which comprise the Statements of Financial Position as of December 31, 2020 and 2019, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Land Bank'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Land Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Land Bank'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 the Land Bank'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 result of that testing, and not to provide an opinion on the effectiveness of the Land Bank'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 Land Bank's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
April 29, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
§2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

Board of Directors
Sullivan County Land Bank Corporation
Monticello, New York

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 Land Bank Corporation (the Land Bank), a component unit of the County of Sullivan, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Land Bank's basic financial statements, and have issued our opinion thereon dated April 29, 2021.

In connection with our audit, nothing came to our attention that caused us to believe the Land Bank failed to comply with the Land Bank's Investment Guidelines, the New York State Comptroller's Investment Guidelines, or §2925 of the New York State Public Authorities Law (collectively, Investment Guidelines), which is the responsibility of the Land Bank's management, insofar as they relate to the financial accounting knowledge of noncompliance with such Investment Guidelines.

This communication is intended solely for the information and use of the Board of Directors and management of the Sullivan County Land Bank Corporation, and the Office of the Comptroller of the State of New York, and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
April 29, 2021