

**SULLIVAN COUNTY
LAND BANK CORPORATION**

Monticello, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2021 and 2020**

SULLIVAN COUNTY LAND BANK CORPORATION

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the Sullivan County Land Bank (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, 2021 and 2020, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sullivan County Land Bank as of December 31, 2021 and 2020, and the changes in its net assets 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Land Bank, 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 opinion.

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 Land Bank's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities 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 auditors' report that includes our opinion. 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 GAAS 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, 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 GAAS 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 Land Bank'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 Land Bank'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022 on our consideration of the Sullivan County Land Bank's internal control over financial reporting and 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 March 30, 2022 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, and §2925(3)(f) of the New York State Public Authorities Law.

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
March 30, 2022

SULLIVAN COUNTY LAND BANK CORPORATION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 419,253	\$ 256,184
Property Receivable	-	2,000
Grants Receivable	3,392	391,628
Prepaid Expenses	5,438	6,393
Down Payment on Property	60,000	-
Total Current Assets	<u>488,083</u>	<u>656,205</u>
Noncurrent Assets		
Land and Property Inventory	1,736,180	852,014
Property and Equipment, Net	974	1,462
Total Noncurrent Assets	<u>1,737,154</u>	<u>853,476</u>
Total Assets	<u>\$ 2,225,237</u>	<u>\$ 1,509,681</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 10,981	\$ 4,475
Accrued Expenses	601	5,152
Unearned Revenue	24,780	59,663
Line of Credit	285,000	-
Total Current Liabilities	<u>321,362</u>	<u>69,290</u>
Total Liabilities	<u>321,362</u>	<u>69,290</u>
Net Assets		
Without Donor Restrictions	<u>1,903,875</u>	<u>1,440,391</u>
Total Net Assets	<u>1,903,875</u>	<u>1,440,391</u>
Total Liabilities and Net Assets	<u>\$ 2,225,237</u>	<u>\$ 1,509,681</u>

See Notes to Financial Statements

SULLIVAN COUNTY LAND BANK CORPORATION

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,

	<u>2021</u>	<u>2020</u>
Revenues		
Grant Income	\$ 600,834	\$ 825,529
Contributions	-	2,000
In-Kind Donation - Personnel	39,111	42,957
In-Kind Donation - Travel	99	79
Other Income	<u>7,700</u>	<u>7,495</u>
Total Revenues	<u>647,744</u>	<u>878,060</u>
Expenses		
Program Services	93,378	308,880
Management and General	<u>99,939</u>	<u>50,096</u>
Total Expenses	<u>193,317</u>	<u>358,976</u>
Gain/(Loss) on Sale of Land and Property	<u>9,057</u>	<u>(128,222)</u>
Total Increase in Net Assets	463,484	390,862
Net Assets, Beginning of Year	<u>1,440,391</u>	<u>1,049,529</u>
Net Assets, End of Year	<u>\$ 1,903,875</u>	<u>\$ 1,440,391</u>

See Notes to Financial Statements

SULLIVAN COUNTY LAND BANK CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Program Services	Management and General	Total Expenses	
			2021	2020
Expenses				
Insurance	\$ 11,305	\$ 44,988	\$ 56,293	\$ 44,349
In-Kind Personnel	-	39,111	39,111	42,957
Professional Services	33,625	1,500	35,125	43,423
Cost of Properties Sold	27,667	-	27,667	173,324
Accounting Fees	15,510	4,800	20,310	12,341
Legal Fees	3,140	3,338	6,478	14,507
Interest Expense	-	4,180	4,180	-
Office Expenses	1,842	861	2,703	5,100
Dues and Subscriptions	265	275	540	2,150
Depreciation	-	488	488	487
Taxes and Licenses	-	200	200	19,737
Advertising	-	99	99	382
Travel	-	99	99	219
Landscaping and Maintenance	24	-	24	-
Total Expenses	\$ 93,378	\$ 99,939	\$ 193,317	\$ 358,976

See Notes to Financial Statements

SULLIVAN COUNTY LAND BANK CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Total Expenses 2020
Expenses			
Cost of Properties Sold	\$ 173,324	\$ -	\$ 173,324
Insurance	47,076	(2,727)	44,349
Professional Services	41,423	2,000	43,423
In-Kind Personnel	-	42,957	42,957
Taxes and Licenses	14,777	4,960	19,737
Legal Fees	12,419	2,088	14,507
Accounting Fees	12,341	-	12,341
Office Expenses	4,990	110	5,100
Dues and Subscriptions	2,000	150	2,150
Depreciation	-	487	487
Advertising	390	(8)	382
Travel	140	79	219
Total Expenses	\$ 308,880	\$ 50,096	\$ 358,976

See Notes to Financial Statements

SULLIVAN COUNTY LAND BANK CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Grant and Contribution Receipts	\$ 956,187	\$ 807,191
Other Receipts	7,700	-
Cash Paid to Suppliers	<u>(1,085,818)</u>	<u>(588,345)</u>
Net Cash (Used in) Provided by Operating Activities	<u>(121,931)</u>	<u>218,846</u>
Cash Flows From Investing Activities	<u>-</u>	<u>-</u>
Cash Flows From Financing Activities		
Proceeds from Line of Credit	<u>285,000</u>	<u>-</u>
Net Cash Provided By Financing Activities	<u>285,000</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	<u>163,069</u>	<u>218,846</u>
Cash and Cash Equivalents, Beginning of Year	<u>256,184</u>	<u>37,338</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 419,253</u></u>	<u><u>\$ 256,184</u></u>
Noncash Operating Activities		
In-Kind Donation - Personnel	\$ 39,111	\$ 42,957
In-Kind Donation - Travel	<u>99</u>	<u>79</u>
Noncash Contributions - Operating Activities	<u><u>\$ 39,210</u></u>	<u><u>\$ 43,036</u></u>
Supplemental Information		
Interest Paid	\$ 99	\$ 219

See Notes to Financial Statements

SULLIVAN COUNTY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***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 require 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, 2021 and 2020.

SULLIVAN COUNTY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, \$13,421 and \$-0-, were uninsured, respectively.

Inventory

Land and property held as of December 31, 2021 and 2020 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, 2021 and 2020.

Contracts With Customers

The Land Bank enters into contracts with customers for the sale of rehabilitated land and properties. At December 31, 2021 and 2020, 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 New York State.

SULLIVAN COUNTY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

***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.

Subsequent Events

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through March 30, 2022, the date on 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, 2021 and 2020, 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, 2021 AND 2020

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 \$1,736,180 and \$852,014 at December 31, 2021 and 2020, respectively. The land is located within the County.

Note 5 Grant Revenue

The Land Bank recorded grants as follows at December 31,:

	2021	2020
Grant Revenue		
Enterprise Community Partners, Inc.	\$ 556,903	\$ 597,414
New York State Local Initiatives Support Corporation	32,151	220,488
United States Environmental Protection Agency	9,048	-
Other Grantors	2,732	7,627
Total Grant Revenue	\$ 600,834	\$ 825,529

Note 6 Availability and Liquidity

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

	2021	2020
Financial Assets at Year End		
Cash and Cash Equivalents	\$ 419,253	\$ 256,184
Property Receivable	-	2,000
Grants Receivable	3,392	391,628
Total Financial Assets at Year End	422,645	649,812
Total Financial Assets Available		
Within One Year	\$ 422,645	\$ 649,812

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

Note 7 Line of Credit

In March of 2020, the Land Bank applied for and was approved for a line of credit with Jeff Bank with a maximum limit of \$500,000 and an annual interest rate of 4%. Borrowings on the line of credit as of December 31, 2021 and 2020 were \$285,000 and \$-0-, respectively. Interest expense for the year ended December 31, 2021 and 2020 was \$4,180 and \$-0-, respectively.

SULLIVAN COUNTY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, 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 March 30, 2022.

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) 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 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 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 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
March 30, 2022

**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, 2021 and 2020, 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 March 30, 2022.

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(3)(f) 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
March 30, 2022