

# **Ulster County Capital Resource Corporation**

(A Blended Component Unit of Ulster County, New York)

Financial Statements  
and Supplementary Information

Year Ended December 31, 2022



**Ulster County Capital Resource Corporation**  
(A Blended Component Unit of Ulster County, New York)

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## **Independent Auditors' Report**

### **The Board of Directors of the Ulster County Capital Resource Corporation**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Ulster County Capital Resource Corporation (a blended component unit of Ulster County, New York) ("Corporation") as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Corporation's financial statements as listed in the table of contents.

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

#### ***Basis for Opinion***

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. 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 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.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 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.

## ***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 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 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 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 Management's Discussion and Analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 Supplementary Information***

Management is responsible for the other supplementary information included in the annual financial report. The other supplementary information consists of the Schedule of Revenues and Expenses – Budget and Actual, Schedule of Indebtedness – Bonds and Notes, and Schedule of Indebtedness – Straight Lease but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other supplementary information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other supplementary information and consider whether a material inconsistency exists between the other supplementary information and the financial statements, or the other supplementary information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other supplementary information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2023 on our consideration of the 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 solely 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 effectiveness of the Corporation's 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 Corporation's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*  
**PKF O'Connor Davies, LLP**  
Harrison, New York  
March 15, 2023

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**ULSTER COUNTY CAPITAL RESOURCE CORPORATION**  
(a blended component unit of Ulster County, New York)

Management's Discussion and Analysis (Unaudited)  
For the year ended December 31, 2022

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**INTRODUCTION**

Our discussion and analysis of Ulster County Capital Resource Corporation ("Corporation") financial performance an overview of the Corporation's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the Corporation's financial statements that follow this discussion and analysis. The Corporation is a not-for-profit corporation which operates in Ulster County, New York. The Corporation is classified by New York State Authorities Budget Office as a Public Authority. This summary discussion and analysis includes only the financial and general business of the Corporation.

**FINANCIAL HIGHLIGHTS**

The Corporation's net position decreased by \$60,345 as a result of operations in 2022.

In 2022, revenues totaled \$77,772. This is a \$70,246 increase over 2021 revenues compared to a \$182 decrease from 2020 to 2021.

In 2022, expenses totaled \$138,117. This is a \$29,100 increase over 2021 expenses compared to a \$56,526 increase from 2020 to 2021. The majority of this increase (\$25,902) was due to an increase in the amount of grants and donations authorized and distributed in the period.

**CORPORATION HIGHLIGHTS**

During 2022 and 2021, the Corporation provided a grant program to provide personal protective equipment to local businesses and organizations to help respond to the negative impacts of the COVID-19 pandemic. The total amount of grant distributions was \$110,000 in 2022, a \$25,902 increase over 2021.

The Corporation incurred a turnover in administrative staff during the current period. During this pivotal transition, the Corporation worked diligently to review its mission, needs, and goals as they relate to the Corporation's Organizational structure. The Board adopted a new Organizational chart and a shared services agreement with the Ulster County Industrial Development Agency which will allow for greater administrative support at a reduced cost. The Corporation's administrative fees increased by \$3,291 from 2021 to 2022.

**USING THIS ANNUAL REPORT**

This Annual Report consists primarily of the Statement of New Position, Statement of Revenues, Expenses, and Changes of Net Position, and the Statement of Cash Flows, which provide information about the activities of the Corporation only.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid. The statements report the Corporation's net position and changes in net position.

**ULSTER COUNTY CAPITAL RESOURCE CORPORATION**  
(a blended component unit of Ulster County, New York)

Management's Discussion and Analysis (Unaudited)  
For the year ended December 31, 2022

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One way to measure the Corporation's financial position is to look at the net position (the difference between assets and liabilities).

**CONDENSED COMPARATIVE FINANCIAL STATEMENTS AND ANALYSIS**

The Corporation's net position at the end of the fiscal year ended December 31, 2022 was \$446,594, a decrease of \$60,345 from \$504,872 in 2021. The Corporation's net position at the end of 2021 of \$504,872 was a \$99,317 decrease from \$604,189 in 2020.

Our analysis below focuses on net position (Table 1) and the changes in net position (Table 2).

**Table 1 - Net Position**

	<u>2022</u>	<u>2021</u>
Total Assets	\$ 469,966	\$ 507,872
Total Liabilities	25,439	3,000
Net Position - Unrestricted	444,527	504,872

**CURRENT ASSETS**

Cash and equivalents, including restricted and unrestricted, and investments totals at the end of 2022 were \$469,966 versus \$504,762 at the end of 2021, a decrease of \$34,796. Cash and certificates of deposit totals at the end of 2021 were \$504,762 versus \$605,039 at the end of 2020. The decrease in cash and certificates of deposit was a result of the grants authorized and distributed.

The Corporation renewed certificates of deposit to obtain a better interest rate return. These certificates of deposit will mature in July of 2023.

**CURRENT LIABILITIES**

As of December 31, 2022, the Corporation had payables of \$25,439. As of December 31, 2021, the Corporation had payables of \$3,000.

**CHANGES IN NET POSITION**

The Corporation's revenues in 2022 were \$77,772 versus \$7,526 in 2021. This increase is largely due to the Corporation closing on a project during the period. Project closing fees equaled \$70,000 in 2022.

Expenses in 2022 were \$138,117 compared to \$106,843 in 2021. Grant expenses increased from \$84,098 in 2021 to \$110,000 in 2022. This total of \$110,000 in 2022 included a \$10,000 administrative fee for the not-for-profit organization administering the grant program. Administrative, professional and office expenses for the year ended 2022 totaled \$28,117 versus \$22,745 in 2021, an increase of \$5,372.

**ULSTER COUNTY CAPITAL RESOURCE CORPORATION**  
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Management's Discussion and Analysis (Unaudited)  
For the year ended December 31, 2022

**CHANGES IN NET POSITION (CONTINUED)**

**Table 2 - Changes in Net Position**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Operating revenues	\$ 72,431	\$ 2,196
Pass-thru revenues	3,925	4,164
Non-operating revenues	<u>1,416</u>	<u>1,166</u>
Total Revenues	<u>77,772</u>	<u>7,526</u>
<b>Expenses</b>		
Operating expenses	24,192	18,581
Pass-thru expenses	3,925	4,164
Grant program expenses	<u>110,000</u>	<u>84,098</u>
Total Expenses	<u>138,117</u>	<u>106,843</u>
Changes in Net Position	<u><u>\$ (60,345)</u></u>	<u><u>\$ (99,317)</u></u>

**CAPITAL ASSETS AND LONG-TERM DEBT**

There were no capital asset additions in 2022 or 2021 and the Corporation did not take on any long-term debt in 2022 or 2021. Moreover, there were no capital asset additions or long-term debt issuances taken on in 2020.

**BUDGET**

The Corporation adopted an amended 2022 budget projecting revenues to be \$4,750 and expenses to be \$128,900. Actual 2022 revenues totaled \$77,772 and actual 2022 expenses totaled \$138,117. There was one new project in 2022. There was a positive variance in revenues of \$73,022, largely due to closing fees on the new project. There was a negative variance in expenses of \$9,217 due to a grant administrative fee of \$10,000. Pass-thru revenues and pass-thru expenses for project expenditures paid by the Project(s) through escrow totaled \$3,925.

**CONTACTING THE UCCRC FINANCIAL ADMINISTRATOR**

This Management Discussion and Analysis is designed to provide the Corporation's citizens, taxpayers, projects, and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ulster County Capital Resource Corporation at P.O. Box 4265, Kingston, New York 12402.

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**Ulster County Capital Resource Corporation**  
(A Blended Component Unit of Ulster County, New York)

Statement of Net Position  
December 31, 2022

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**ASSETS**

Cash and equivalents	\$ 263,170
Investments	202,536
Restricted cash	<u>4,260</u>
Total Assets	<u>469,966</u>

**LIABILITIES**

Escrow deposits	4,260
Due to Ulster County Industrial Development Agency	<u>21,179</u>
Total Liabilities	<u>25,439</u>

**NET POSITION**

Unrestricted	<u><u>\$ 444,527</u></u>
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See notes to financial statements.

**Ulster County Capital Resource Corporation**  
(A Blended Component Unit of Ulster County, New York)

Statement of Revenues, Expenses and Changes in Net Position  
Year Ended December 31, 2022

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**OPERATING REVENUES**

Administrative fees	\$ 76,175
Miscellaneous income	<u>181</u>
Total Operating Revenues	<u>76,356</u>

**OPERATING EXPENSES**

Grants	110,000
Professional services contracts	27,706
Other operating expenses	<u>411</u>
Total Operating Expenses	<u>138,117</u>
Loss from Operations	<u>(61,761)</u>

**NON-OPERATING REVENUES**

Interest income	<u>1,416</u>
Change in Net Position	(60,345)

**NET POSITION**

Beginning of Year	<u>504,872</u>
End of Year	<u><u>\$ 444,527</u></u>

See notes to financial statements.

**Ulster County Capital Resource Corporation**  
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Statement of Cash Flows  
Year Ended December 31, 2022

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from administrative fees	\$ 76,175
Cash received from miscellaneous income	181
Cash received from escrow	7,370
Cash payments to suppliers and service providers	(9,938)
Cash payments for grants	<u>(110,000)</u>
Net Cash from Operating Activities	<u>(36,212)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	<u>335</u>
Net Change in Cash and Equivalents	(35,877)

**CASH AND EQUIVALENTS**

Beginning of year	<u>303,307</u>
End of year	<u><u>\$ 267,430</u></u>

**RECONCILIATION OF CASH AND EQUIVALENTS  
TO THE STATEMENT OF NET POSITION**

Cash and equivalents	\$ 263,170
Restricted cash	<u>4,260</u>
Total Cash and Equivalents	<u><u>\$ 267,430</u></u>

**RECONCILIATION OF LOSS FROM OPERATIONS  
TO NET CASH FROM OPERATING ACTIVITIES**

Loss from operations	\$ (61,761)
Adjustments to reconcile loss from operations to net cash from operating activities	
Accounts payable	(810)
Escrow deposits	7,370
Due to Ulster County Industrial Development Agency	<u>18,989</u>
Net Cash from Operating Activities	<u><u>\$ (36,212)</u></u>

See notes to financial statements.

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**Ulster County Capital Resource Corporation**  
(A Blended Component Unit of Ulster County, New York)

Notes to Financial Statements  
December 31, 2022

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**Note 1 - Organization and Purpose**

The Ulster County Capital Resource Corporation (“Corporation”) is a public benefit corporation which was established on May 11, 2020, pursuant to Sections 402 and 1411 of the Not-For-Profit Corporation Laws of the State of New York. The Corporation is exempt from federal, state, and local income taxes. The members of the Corporation are automatically appointed as the members of the Ulster County Industrial Development Agency are appointed by the County of Ulster’s Legislature. Corporation members have complete responsibility for management of the Corporation and accountability for fiscal matters. The Corporation promotes community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of the County of Ulster by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses, and other entities to access low interest tax-exempt and non-tax exempt financing for their eligible projects. The Corporation’s purpose is to undertake projects and activities within the County of Ulster for the purpose of relieving and reducing unemployment, bettering and maintaining job opportunities, carrying on scientific research, and aiding the County of Ulster by attracting new industry to the County or by encouraging the development of, or retention of, an industry in the County, and lessening the burdens of government and acting in the public interest.

**Note 2 - Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The Corporation has been identified as an organization related to the Ulster County, New York (“County”). In accordance with the criteria enumerated in Governmental Accounting Standards Board (“GASB”) Statement No. 61, “*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*”, the Corporation’s financial statements have been blended in with the County’s financial statements as a nonmajor proprietary fund.

**B. 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. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Corporation reports its operations on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Corporation distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Corporation’s principal ongoing operation. The principal operating revenues of the Corporation are administrative fees. Operating expenses include administrative expenses, grant expenses and professional fees. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**C. Assets and Net Position**

**Cash and Equivalents, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The Corporation's deposit and investment policies are governed by State statutes. The Corporation has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Corporation is authorized to use demand deposits, time deposit accounts and certificates of deposit.

Collateral is required for demand deposits accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Corporation has entered into a custodial agreement with various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

**Investments** - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The Corporation follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

**Risk Disclosure**

**Interest Rate Risk** - Interest rate risk is the risk that the entity will incur losses in fair value caused by changing interest rates. The Corporation does have a formal investment policy and it requires the Corporation to diversify by financial institution, maturity and type of investment, however, it does not limit investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Corporation does not invest in any long-term investment obligations.

**Ulster County Capital Resource Corporation**  
(A Blended Component Unit of Ulster County, New York)

Notes to Financial Statements (Continued)  
December 31, 2022

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Corporation's name. The Corporation's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2022.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Corporation does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

**Concentration of Credit Risk** - Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Corporation's investment policy limits the amount on deposit at each of its banking institutions.

**Escrow Deposits**

Escrow deposits relate to fees held in escrow related to labor audits, public hearing notices and transcription services related to public hearings. As the fees are incurred, the Corporation will recognize a revenue and expense. Any funds remaining in escrow at the completion of the project will be returned to the owner. As of December 31, 2022 the total held in escrow was \$4,260.

**Revenue Recognition**

The Corporation receives closing fees for bond and note issues as well as straight lease transactions expected savings on mortgage recording and sales and use taxes exemptions. Income generated from administrative and application fees are recognized in the period the services are performed. Escrow receipts and escrow payments related to the property not owned by the Corporation for costs paid by open projects are accounted for as pass-thru transactions.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

**Ulster County Capital Resource Corporation**  
(A Blended Component Unit of Ulster County, New York)

Notes to Financial Statements (Continued)  
December 31, 2022

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

*Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the Corporation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

*Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

**D. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 15, 2023.

**Note 3 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

The Corporation employs the following budgetary procedures:

- a) By October of each year, the Financial Officer submits a tentative budget to the Finance Committee and the Finance Committee recommends the budget to the Board of Directors for final approval for the next fiscal year which begins the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing.

**B. Expenses in Excess of Budget**

The following expenses exceeded their budgetary authorizations by the amounts indicated:

Grants	\$	10,000
Professional services contract		606

**Ulster County Capital Resource Corporation**  
(A Blended Component Unit of Ulster County, New York)

Notes to Financial Statements (Continued)  
December 31, 2022

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**Note 3 - Stewardship, Compliance and Accountability (Continued)**

**C. New Accounting Pronouncement**

GASB Statement No. 87, “Leases”, established a single model for lease accounting based on the concept that leases are a financing of a “right-to-use” underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of GASB Statement No. 87 are effective for the Corporation’s fiscal year ended December 31, 2022. The Corporation has completed its evaluation of the financial impact of GASB Statement No. 87 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

**Note 4 - Investments**

Investments held in the Corporation at December 31, 2022 consisted of the following:

<u>Investment Type</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>
Certificate of deposit	July 29, 2022	July 29, 2023	<u>\$ 202,536</u>

Certificates of deposit are not subject to provisions of fair value measurements as they are recorded at cost.

**Note 5 - Conduit Debt Obligations, Bonds and Notes and Straight Lease Transactions**

From time to time, the Corporation has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the interest of the public. The bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither, the Corporation, the State of New York, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**Note 6 - Related Parties**

The Corporation and the Ulster County Industrial Development Agency (“Agency”) are comprised of the same Governing Board. During the year ended December 31, 2022, the Corporation and Agency entered into a Shared Services Agreement, effective July 1, 2022. Under this agreement Corporation contracts for Agency to administer all administrative, legal, and accounting agreements on behalf of both organizations. The Corporation and Agency also share a website and office equipment. Corporation reimburses Agency at a standard rate of 5% for all covered expenses. As of December 31, 2022, the amount due to the Agency was \$21,179.

**Ulster County Capital Resource Corporation**  
(A Blended Component Unit of Ulster County, New York)

Notes to Financial Statements (Concluded)  
December 31, 2022

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**Note 7 - Commitments and Contingencies**

**Litigation**

In its normal course of business the Corporation is subject to litigation. Presently, the Corporation has no pending or ongoing litigation.

**Note 8 - Risk Management**

The Corporation purchases conventional insurance coverage for directors and officers liability and employment practices liability in the combined form. The current policy reflects a combined limit of \$1 million per occurrence or \$2 million for the period of the policy.

**Note 9 - Recently Issued GASB Pronouncements**

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This Statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding liability. The Statement also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, as well as detailing the requirements for note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Corporation believes will most impact its financial statements. The Corporation will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

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## **SUPPLEMENTARY INFORMATION**





**Ulster County Capital Resource Corporation**  
(A Blended Component Unit of Ulster County, New York)

Other Supplementary Information  
Schedule of Revenues and Expenses - Budget and Actual  
December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Administrative Fees	\$ 3,250	\$ 3,250	\$ 76,175	\$ 72,925
Interest Income	1,500	1,500	1,416	(84)
Miscellaneous Fees	-	-	181	181
Total Revenues	<u>4,750</u>	<u>4,750</u>	<u>77,772</u>	<u>73,022</u>
<b>EXPENSES</b>				
Grants	-	100,000	110,000	(10,000)
Professional services contracts	27,100	27,100	27,706	(606)
Other operating expenses	<u>1,800</u>	<u>1,800</u>	<u>411</u>	<u>1,389</u>
Total Expenses	<u>28,900</u>	<u>128,900</u>	<u>138,117</u>	<u>(9,217)</u>
Total Revenues in Excess (Deficit) of Expenses	<u>\$ (24,150)</u>	<u>\$ (124,150)</u>	<u>\$ (60,345)</u>	<u>\$ 63,805</u>

See independent auditors' report.

**Ulster County Capital Resource Corporation**  
(A Blended Component Unit of Ulster County, New York)

Supplementary Information  
Statement of Indebtedness - Bonds and Notes  
December 31, 2022

<u>Project Name Owner Name and Address</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance at 1/1/2022</u>	<u>Retired in 2022</u>	<u>Balance at 12/31/2022</u>	<u>Project Purpose Code</u>
Woodland Pond	12/17	09/25	4.00%	\$ 7,240,000	\$ 4,025,000	\$ 950,000	\$ 3,075,000	8
60 Park Lane, Suite 5	12/17	09/37	5.00%	17,665,000	17,665,000	-	17,665,000	
Highland, NY 12528	12/17	09/42	5.25%	11,075,000	11,075,000	-	11,075,000	
	12/17	09/47	5.25%	14,295,000	14,295,000	-	14,295,000	
	12/17	09/53	5.25%	27,525,000	27,525,000	-	27,525,000	
				<u>\$ 77,800,000</u>	<u>\$ 74,585,000</u>	<u>\$ 950,000</u>	<u>\$ 73,635,000</u>	

Project Purpose Codes

- 1 - Services
- 2 - Construction
- 3 - Agriculture, Forestry and Fishing
- 4 - Wholesale Trade
- 5 - Retail Trade
- 6 - Finance, Insurance and Real Estate
- 7 - Transportation, Communication, Electric, Gas and Sanitary Services
- 8 - Other
- 9 - Manufacturing

See independent auditors' report.

Federal Tax Status	Not-for-profit	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	Tax Exemptions						Total Exemptions
				Real Property Tax			Sales Tax	Mortgage Recording		
				County	Local	School				
Exempt	Yes	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Ulster County Capital Resource Corporation**  
(A Blended Component Unit of Ulster County, New York)

Supplementary Information  
Statement of Indebtedness - Straight Lease  
December 31, 2022

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<u>Project</u>	<u>Project Address</u>	<u>Owner</u>	<u>Owner Address</u>	<u>Approximate Cost</u>
Romeo Enterprises	1670-1678 Ulster Avenue, Town of Ulster, NY 12449	1670 Ulster, LLC	170 Saratoga Avenue, South Glens Falls, NY 12803	\$ 5,823,425

See independent auditors' report.

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<u>Benefit (Sales Tax)</u>	<u>Benefit (Mortgage Tax)</u>	<u>Jobs at Location</u>	<u>Jobs to be Created</u>	<u>Jobs to be Retained</u>
\$ 304,000	\$ 45,000	31	18	19

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**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 Auditors' Report**

**The Board of Directors of the  
Ulster County Capital Resource Corporation**

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 Ulster County Capital Resource Corporation (a blended component unit of Ulster County, New York) ("Corporation") as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Corporation's financial statements, and have issued our report thereon dated March 15, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation'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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

March 15, 2023