

DATED: March 15, 2022

UCCRC

Ulster County Capital Resource Corporation
P. O. Box 4265, Kingston, NY 12402-4265

AUDIT COMMITTEE

March 16, 2022 – 8:30 AM

via Zoom - <https://us02web.zoom.us/j/81641119687> Meeting ID: 816 4111 9687
One tap mobile - +16465588656, 81641119687# US (New York)

MEETING AGENDA

1. Call to order
2. Roll call § DJ □ □
3. Approval of minutes of the January 26, 2022 meeting §DJ □ □ □
4. Public comment on agenda items only
5. Old business
6. New business
 - a. 2021 Audit Financial Statements - DRAFT § DJ□
7. Adjournment

The mission of the Ulster County Capital Resource Corporation (UCCRC) is to promote community and economic development in Ulster County in ways that complement the work of the Ulster County, primarily through issuing and selling bonds for non-profit institutions.

Item 2.

Roll Call

	<u>Present</u>	<u>Absent</u>
Diane Eynon, Committee Chair	_____	_____
Faye Storms	_____	_____
Michael J. Ham	_____	_____

DATED: January 24, 2022

UCCRC

Ulster County Capital Resource Corporation

ULSTER COUNTY CAPITAL RESOURCE CORPORATION AUDIT COMMITTEE MINUTES January 6, 2022

A meeting of the Audit Committee of the Ulster County Capital Resource Corporation was held on Thursday January 6, 2022, at 1:00 P.M., immediately following the Audit Committee meeting of the Ulster County Industrial Development Agency via Zoom.

Roll Call:

The following Committee members were present:

Diane Eynon	Committee Chair
Faye Storms	Member
Michael J. Ham	Member

The following Committee members were absent with notice:

Additional Attendees:

Rose Woodworth	Chief Executive Officer
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The meeting was called to order at 1:13 P.M.

ROLL CALL

Roll was called, and a quorum was present.

MINUTES

Motion: Michael J. Ham, seconded by Faye Storms, moved to approve the minutes of the August 25, 2021 Audit Committee meeting. A copy of said minutes is on file.

Vote: The motion was unanimously adopted (3-0).

PUBLIC COMMENT

None.

OLD BUSINESS

UHY Audit Update

Reflecting what was discussed in the IDA meeting. UHY has been responsive, and things are moving along some of the challenges last year may have been due to staffing, COVID, and family leave.

Annual Site Visits/Year-end Reporting

Same as IDA meeting.

NEW BUSINESS

3rd Quarter Administrative Staff Time

Motion: Michael J. Ham, seconded by Faye Storms, made a motion to accept the third quarter administrative staff time as presented.

Vote: The motion was unanimously adopted (3-0).

3rd Quarter Financial Review

CEO Rose Woodworth reviewed the third quarter financial reports. There was not much activity in the Statement of Financial Position except for the grants that were given out in the first two quarters. Not much activity in the third quarter. The fourth quarter is anticipated to have more expenses due to Romeo Kia coming through. However, there should also be more revenue than anticipated. There are no accounts receivable and no escrow. The general ledger shows all the transactions. Dr. Diane Eynon asked when the money from People's Place will be distributed. The agreement has been drafted and will be reviewed, and the Corporation is looking to distribute the funds partly through January 2022.

Motion: Faye Storms, seconded by Michael J. Ham, made a motion to approve the third quarter 2021 financials.

Vote: The motion was unanimously adopted (3-0).

Review of Current Policies

The Local Construction Labor Policy was tabled for Governance Committee Meeting.

ADJOURNMENT

Motion: Michael J. Ham, seconded by Faye Storms, moved to adjourn the meeting.

Vote: The motion was unanimously adopted (3-0).

The meeting was adjourned at 1:17 P.M.

Respectfully submitted,

Diane Eynon, Committee Chair

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

AUDITED FINANCIAL STATEMENTS

As of and for the years ended December 31, 2021 and 2020

DRAFT

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ulster County Capital Resource Corporation:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Ulster County Capital Resource Corporation (a component unit of the County of Ulster, New York), (the "Corporation"), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Ulster County Capital Resource Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Ulster County Capital Resource Corporation as of December 31, 2021 and 2020, and the respective changes in financial position and, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ulster County Capital Resource 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 opinion.

Responsibilities of Management for the Financial Statements

Ulster County Capital Resource Corporation's 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 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 Ulster County Capital Resource Corporation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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, 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, 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 Ulster County Capital Resource Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ulster County Capital Resource Corporation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Ulster County Capital Resource Corporation's basic financial statements. The Schedule of Revenues and Expenditures – Budget and Actual and Schedule of Conduit Debt Obligations are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues and Expenditures – Budget and Actual and Schedule of Conduit Debt Obligations are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenditures – Budget and Actual and Schedule of Conduit Debt Obligations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March __, 2022 on our consideration of Ulster County Capital Resource Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Ulster County Capital Resource Corporation's internal control over financial reporting and compliance.

Kingston, New York
March __, 2022

DRAFT

ULSTER COUNTY CAPITAL RESOURCE CORPORATION
(a component unit of Ulster County, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2021 and 2020

Introduction

Our discussion and analysis of Ulster County Capital Resource Corporation (the "Corporation" or "UCCRC") financial performance provides an overview of the Corporation's financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the Corporation's financial statements that follow this discussion and analysis. Ulster County Capital Resource Corporation is a not-for-profit corporation which operates in Ulster County, New York. The Corporation is classified by the 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 \$99,317 as a result of operations in 2021.

In 2021, revenues decreased \$182 compared to 2020. In 2020, revenues increased \$808 compared to 2019.

In 2021, expenses increased \$56,526 compared to 2020.

In 2020, expenses increased \$40,231 compared to 2019.

Corporation Highlights

During 2021 and 2020, the UCCRC provided a grant program to provide personal protective equipment to local businesses and organizations to help respond to COVID-19.

Using This Annual Report

This Annual Report consists primarily of the Statements of Net Position, Statements of Revenues, Expenses and Changes of Net Position and the Statements 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 expenses 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.

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 2021 was \$504,872, a decrease of \$99,317 from \$604,189 in 2020. The Corporation's net position at the end of 2020 was \$604,189, a decrease of \$42,609 from \$646,798 in 2019.

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

See independent auditor's report.

ULSTER COUNTY CAPITAL RESOURCE CORPORATION

(a component unit of Ulster County, New York)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

December 31, 2021 and 2020

Table 1 – Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current Assets	<u>\$ 507,872</u>	<u>\$ 605,039</u>	<u>\$ 646,798</u>
Current Liabilities	<u>\$ 3,000</u>	<u>\$ 850</u>	<u>\$ -</u>
Net Position - Unrestricted	<u>\$ 504,872</u>	<u>\$ 604,189</u>	<u>\$ 646,798</u>

Current Assets:

Cash and certificates of deposit totals at the end 2021 were \$504,762 versus \$605,039 at the end of 2020. Cash and certificates of deposit totals at the end of 2020 were \$605,039 versus \$646,798 at the end of 2019. The decrease in cash and certificates of deposit was a result of no projects closing during 2021 and 2020 and the personal protective equipment grants issued.

The Corporation purchased certificates of deposit to obtain a better interest rate return given the increase in assets over the past three years.

Current Liabilities:

As of December 31, 2021, the Corporation had payables of \$3,000. As of December 31, 2020, the Corporation had payables of \$850.

Table 2 – Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues:			
Administrative fees	\$ 5,060	\$ 3,250	\$ -
Miscellaneous fees	1,300	-	-
Other income	1,166	4,458	6,900
Total Revenues	<u>7,526</u>	<u>7,708</u>	<u>6,900</u>
Expenses:			
Operating Expenses	106,843	50,317	10,086
Total Expenses	<u>106,843</u>	<u>50,317</u>	<u>10,086</u>
Changes in Net Position:	<u>\$ (99,317)</u>	<u>\$ (42,609)</u>	<u>\$ (3,186)</u>

The Corporation's revenues in 2021 were \$7,526 versus \$7,708 in 2020. Expenses in 2021 were \$106,843 versus \$50,317 in 2020. The increase in expenses in 2021 over 2020 was predominantly due to the issuance of grants.

The Corporation's revenues in 2020 were \$7,708 versus \$6,900 in 2019. Expenses in 2020 were \$50,317 versus \$10,086 in 2019. The increase in expenses in 2020 over 2019 was predominantly due to the issuance of grants.

See independent auditor's report.

ULSTER COUNTY CAPITAL RESOURCE CORPORATION
(a component unit of Ulster County, New York)
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
December 31, 2021 and 2020

Capital Assets and Long-Term Debt

There were no capital asset additions in 2021 or 2020 and the Corporation did not take on any long-term debt in 2021 or 2020.

Budget

The Corporation adopted an amended 2021 budget projecting revenues to be \$4,750 and expenses to be \$109,810. Actual 2021 revenues totaled \$7,526 and actual 2021 expenses totaled \$106,843. There was one new project in 2021. Differences in amended budgeted amount versus actual were not significant.

Contacting UCCRC Financial Administrator

This financial report is designed to provide our citizens, taxpayers, customers, 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, P.O. Box 4265, Kingston, New York 12402.

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See independent auditor's report.

ULSTER COUNTY CAPITAL RESOURCE CORPORATION

(a component unit of Ulster County, New York)

STATEMENTS OF NET POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 303,307	\$ 404,511
Certificates of deposit	201,455	200,528
Other asset	3,110	-
Total assets	<u>\$ 507,872</u>	<u>\$ 605,039</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 810	\$ 750
Due to Ulster County IDA	<u>2,190</u>	<u>100</u>
Total liabilities	<u>3,000</u>	<u>850</u>
NET POSITION		
Unrestricted	<u>504,872</u>	<u>604,189</u>
Total liabilities and net position	<u>\$ 507,872</u>	<u>\$ 605,039</u>

See notes to financial statements.

ULSTER COUNTY CAPITAL RESOURCE CORPORATION
(a component unit of Ulster County, New York)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Administrative fees	\$ 5,060	\$ 3,250
Miscellaneous fees	1,300	-
Total revenues	<u>6,360</u>	<u>3,250</u>
OPERATING EXPENSES		
Administration	15,240	8,450
Grants	84,098	37,455
Professional fees	7,090	4,000
Office	415	412
Total operating expenses	<u>106,843</u>	<u>50,317</u>
Operating loss	<u>(100,483)</u>	<u>(47,067)</u>
OTHER INCOME		
Interest income	<u>1,166</u>	<u>4,458</u>
Total other income	<u>1,166</u>	<u>4,458</u>
Change in net position	<u>(99,317)</u>	<u>(42,609)</u>
Net position, beginning	<u>604,189</u>	<u>646,798</u>
Net position, ending	<u>\$ 504,872</u>	<u>\$ 604,189</u>

See notes to financial statements.

ULSTER COUNTY CAPITAL RESOURCE CORPORATION

(a component unit of Ulster County, New York)

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Administrative fees	\$ 5,060	\$ 3,250
Miscellaneous fees	1,300	-
Payments to vendors	(10,615)	(4,412)
Grants provided	(84,098)	(37,455)
Administrative expense	(13,090)	(7,600)
Net cash used for operating activities	<u>(101,443)</u>	<u>(46,217)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,166	4,458
Redemption of certificates of deposit	200,528	252,931
Purchase of certificates of deposit	(201,455)	(200,528)
Net cash provided by investing activities	<u>239</u>	<u>56,861</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(101,204)	10,644
CASH AND CASH EQUIVALENTS, beginning of year	<u>404,511</u>	<u>393,867</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 303,307</u>	<u>\$ 404,511</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (100,483)	\$ (47,067)
Changes in operating assets and liabilities		
Increase in other asset	(3,110)	-
Increase in accounts payable	60	750
Increase in due to Ulster County IDA	2,090	100
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (101,443)</u>	<u>\$ (46,217)</u>

See notes to financial statements.

ULSTER COUNTY CAPITAL RESOURCE CORPORATION

(a component unit of Ulster County, New York)

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1 — NATURE OF ORGANIZATION

The Ulster County Capital Resource Corporation, a component unit of the County of Ulster, New York, (the "Corporation") was established on May 11, 2010, pursuant to Sections 402 and 1411 of the Not-For-Profit Corporation Laws of the State of New York. 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.

Additionally, 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 for the purpose of 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. The directors of the Corporation are appointed by the County of Ulster's legislature. The Corporation's directors have complete responsibility for management of the Corporation and accountability for fiscal matters.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities. Revenues are recorded when earned and expenses are recorded when incurred. In accordance with accounting principles generally accepted in the United States of America, the Corporation applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. The Corporation has chosen to only apply GASB pronouncements. The Corporation does not apply any Financial Accounting Standards Board (FASB) or AICPA pronouncements post November 30, 1989, as clarified by GASB No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The Corporation's only fund is a single enterprise fund.

Deferred Outflows/Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

Statement 63 changed how governments organize their statements of financial position (such as the current government-wide statement of net assets and the governmental funds balance sheet).

As a result of Statement 63, financial statements will include deferred outflows of resources and deferred inflows of resources ("deferrals"), in addition to assets and liabilities, and reports net position instead of net assets.

ULSTER COUNTY CAPITAL RESOURCE CORPORATION

(a component unit of Ulster County, New York)

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Data

The budget policies are as follows:

By October of each year, the CFO 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.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of reporting cash flows, the Corporation considers cash in operating bank accounts, demand deposit, cash on hand, and highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents.

Certificates of Deposit

The Corporation records certificates of deposit at amortized cost.

Revenue Recognition

Fee revenue is recognized for administrative services and applications related to bond issuances in the period the services are performed generally when the related bond issuances are finalized.

Concentration of Credit and Market Risk

Financial instruments that potentially expose the Corporation to concentrations of credit and market risk consist primarily of cash and cash equivalents and certificates of deposit. Cash and cash equivalents and certificates of deposit are maintained at Federal Deposit Insurance Corporation insured financial institutions and credit exposure is limited to any one institution.

Net Position

Net position is an element of proprietary fund financial statements and is measured by the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflow of resources.

Risks and Uncertainties

In March 2020, the World Health Organization declared COVID-19 a pandemic. As the pandemic continues to endure, the disease could have a material adverse effect on the Organization's activities, results of operations, financial condition and cash flow.

Subsequent Events

Subsequent events have been evaluated through March __, 2022, which is the date the financial statements were available to be issued.

On January 24, 2022, the Corporation awarded a local non profit organization \$110,000 in the form of a grant through a gift card program to be spent on providing food, clothing, and other essentials to individuals in need in the County.

ULSTER COUNTY CAPITAL RESOURCE CORPORATION

(a component unit of Ulster County, New York)

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Corporation's investment policies are governed by New York State statutes. The Corporation's funds must be deposited in FDIC insured commercial banks or trust companies located within New York State. The Corporation is authorized to use demand accounts and certificates of deposit.

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

As of December 31, 2021 and 2020, cash and cash equivalents and certificates of deposit were covered by federal depository insurance and collateral held by the financial institutions. The following is a summary of cash and cash equivalents and certificates of deposit as included in the statement of net position at December 31, 2021 and 2020:

	2021		2020	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Checking and Savings Accounts	\$ 303,307	\$ 307,498	\$ 404,511	\$ 406,989
Certificates of deposit	201,455	201,455	200,528	200,638
Total	<u>\$ 504,762</u>	<u>\$ 508,953</u>	<u>\$ 605,039</u>	<u>\$ 607,627</u>

	2021	2020
Rhinebeck Bank CD (0.65% due 07/29/2021)	\$ -	\$ 200,528
Rhinebeck Bank CD (0.20% due 07/30/2022)	201,455	-
Total	<u>\$ 201,455</u>	<u>\$ 200,528</u>

NOTE 4 — CONDUIT DEBT OBLIGATIONS

From time to time, the Ulster County Capital Resource Corporation issues negotiable bonds to provide financial assistance to not for profit entities for the acquisition and construction of facilities deemed to be in the interest of the public. The bonds are secured by the property financed and are payable solely from the payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the not for profit entity served by the bond issuance. Neither the County of Ulster, Ulster County Capital Resource Corporation, nor the State, 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. As of December 31, 2021 and 2020, there were (5) and (5) series of Bonds outstanding, with an aggregate principal amount payable of \$74,585,000 and \$77,308,852 respectively.

ULSTER COUNTY CAPITAL RESOURCE CORPORATION

(a component unit of Ulster County, New York)

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 5 — RELATED PARTY TRANSACTIONS

As of December 31, 2021, and 2020, the amount due to Ulster County Industrial Development Agency (UCIDA) was \$2,190 and \$100, respectively. The amount due to the Agency was related to costs to create UCCRC's website along with the Agency's annual site visits and administration. For the year ended December 31, 2021 and 2020 the Corporation incurred \$15,240 and \$8,450, respectively, in total administration fees, postage and other costs to the Agency.

NOTE 6 – GRANTS

In response to COVID-19, the Corporation authorized a grant program during the year ended December 31, 2020 to reimburse the cost of personal protective equipment to Ulster County businesses and organizations. The Corporation authorized \$100,000. \$37,149 was issued in direct assistance while \$306 was spent to administer the program during the year ended December 31, 2020. \$82,531 was issued in direct assistance while \$1,567 was spent to administer the program during the year ended December 31, 2021. Grants awarded between 2020 and 2021 exceeded the \$100,000 authorized, however, the board approved issuing the additional grants applied for, allowing additional funds to be utilized.

DRAFT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ulster County Capital Resource Corporation
a Component Unit of the County of Ulster, 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 Ulster County Capital Resource Corporation as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Ulster County Capital Resource Corporation's basic financial statements, and have issued our report thereon dated March __, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ulster County Capital Resource Corporation's internal control over financial reporting (internal control) as a basis for designing 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 Ulster County Capital Resource Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Ulster County Capital Resource 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 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 Ulster County Capital Resource 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 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kingston, New York
March __, 2022

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SUPPLEMENTARY INFORMATION

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ULSTER COUNTY CAPITAL RESOURCE CORPORATION
(a component unit of Ulster County, New York)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
Year ended December 31, 2021

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Administrative fees	\$ 3,250	\$ 3,250	\$ 5,060	\$ 1,810
Interest income - Banks	8,400	1,500	1,166	(334)
Miscellaneous fees	-	-	1,300	1,300
Total revenues	<u>11,650</u>	<u>4,750</u>	<u>7,526</u>	<u>4,076</u>
Expenditures:				
Administration	9,000	13,000	15,240	(2,240)
Professional fees	11,500	12,000	7,090	4,910
Grants	-	84,100	84,098	2
Office	800	710	415	295
Total expenditures	<u>21,300</u>	<u>109,810</u>	<u>106,843</u>	<u>2,967</u>
Total revenues in excess of expenditures	<u>\$ (9,650)</u>	<u>\$ (105,060)</u>	<u>\$ (99,317)</u>	<u>\$ 5,743</u>

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ULSTER COUNTY CAPITAL RESOURCE CORPORATION

(a component unit of Ulster County, New York)

SCHEDULE OF CONDUIT DEBT OBLIGATIONS

Year ended December 31, 2021

<u>Bonds Listing</u>	Outstanding Beginning of the Year	Issued During Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year	Final Maturity Date
Center for Spectrum Services	\$ 1,807,290	\$ -	\$ 76,062	\$ 1,731,228	2021
Kingston Hospital	-	-	-	-	2025
Woodland Pond #1	4,935,000	-	875,000	4,060,000	2025
Woodland Pond #2	17,665,000	-	-	17,665,000	2037
Woodland Pond #3	11,075,000	-	-	11,075,000	2042
Woodland Pond #4	14,295,000	-	-	14,295,000	2047
Woodland Pond #5	27,525,000	-	-	27,525,000	2053
	<u>\$ 77,302,290</u>	<u>\$ -</u>	<u>\$ 951,062</u>	<u>\$ 76,351,228</u>	

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