

**SULLIVAN COUNTY  
LAND BANK CORPORATION**

**Monticello, New York**

**FINANCIAL REPORT**

**December 31, 2018 and 2017**



# ***SULLIVAN COUNTY LAND BANK CORPORATION***

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Sullivan County Land Bank Corporation (the Land Bank), a nonprofit organization and a component unit of the County of Sullivan, which comprise the Statements of Financial Position as of December 31, 2018 and 2017, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years the ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Land Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Land Bank's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INSERO & Co. CPAs, LLP

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sullivan County Land Bank Corporation as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of a Matter**

As discussed in Note 1 to the financial statements, Sullivan County Land Bank Corporation adopted Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, during the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019 on our consideration of the Sullivan County Land Bank Corporation internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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 28, 2019 on our consideration of the Land Bank's compliance with Section 2925(3)(f) of the New York State Public Authorities Law. The purpose of that report is to describe anything that came to our attention that caused us to believe the Land Bank failed to comply with the Land Bank's Investment Guidelines, the New York State Comptroller's Investment Guidelines, or Section 2925(3)(f) of the New York State Public Authorities Law.

Respectfully Submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
March 28, 2019

# ***SULLIVAN COUNTY LAND BANK CORPORATION***

## **STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 239,156	\$ 90,405
Prepaid Expense	1,590	-
<b>Total Current Assets</b>	<u>240,746</u>	<u>90,405</u>
<b>Noncurrent Assets</b>		
Land and Property Inventory	1,021,865	-
Property and Equipment, Net	2,436	-
<b>Total Noncurrent Assets</b>	<u>1,024,301</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 1,265,047</u>	<u>\$ 90,405</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 6,318	\$ -
<b>Total Liabilities</b>	<u>6,318</u>	<u>-</u>
<b>Net Assets</b>		
Without Donor Restrictions	<u>1,258,729</u>	<u>90,405</u>
<b>Total Net Assets</b>	<u>1,258,729</u>	<u>90,405</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,265,047</u>	<u>\$ 90,405</u>

*See Notes to Financial Statements*

# ***SULLIVAN COUNTY LAND BANK CORPORATION***

## **STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Sullivan County Support	\$ 100,000	\$ 100,000
Private Foundation Support	360,000	-
National Community Stabilization Trust Support	26,569	-
In-Kind Donations - Property	729,337	-
In-Kind Donations - Personnel	46,103	-
<b>Total Revenues</b>	<u>1,262,009</u>	<u>100,000</u>
<b>Expenses</b>		
Program Services	53,851	6,922
Management and General	39,834	2,673
<b>Total Expenses</b>	<u>93,685</u>	<u>9,595</u>
Total Increase in Net Assets	1,168,324	90,405
Net Assets, Beginning of Year	<u>90,405</u>	-
<b>Net Assets, End of Year</b>	<u><u>\$ 1,258,729</u></u>	<u><u>\$ 90,405</u></u>

*See Notes to Financial Statements*

# ***SULLIVAN COUNTY LAND BANK CORPORATION***

## **STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)**

	<u>Program</u>	<u>Management</u>	<u>Total Expenses</u>	
	<u>Services</u>	<u>and General</u>	<u>2018</u>	<u>2017</u>
In-Kind Personnel	\$ 23,052	\$ 23,051	\$ 46,103	\$ -
Legal Fees	20,403	2,554	22,957	3,184
Insurance	8,442	1,764	10,206	1,764
Travel	-	5,278	5,278	385
Accounting Fees	-	4,065	4,065	-
Dues and Subscriptions	-	2,000	2,000	630
Advertising	1,109	-	1,109	687
Landscaping and Maintenance	845	-	845	-
Miscellaneous	-	795	795	-
Taxes and Licenses	-	185	185	850
Office Expenses	-	142	142	190
Engineering Fees	-	-	-	1,905
<b>Total Expenses</b>	<u>\$ 53,851</u>	<u>\$ 39,834</u>	<u>\$ 93,685</u>	<u>\$ 9,595</u>

*See Notes to Financial Statements*

# ***SULLIVAN COUNTY LAND BANK CORPORATION***

## **STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Program Services</b>	<b>Management and General</b>	<b>Total Expenses 2017</b>
Legal Fees	\$ 2,866	\$ 318	\$ 3,184
Insurance	1,464	300	1,764
Travel		385	385
Dues and Subscriptions		630	630
Advertising	687		687
Taxes and Licenses		850	850
Office Expenses		190	190
Engineering Fees	1,905		1,905
<b>Total Expenses</b>	<b>\$ 6,922</b>	<b>\$ 2,673</b>	<b>\$ 9,595</b>

*See Notes to Financial Statements*

# ***SULLIVAN COUNTY LAND BANK CORPORATION***

## **STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Grant and Contribution Receipts	\$ 486,569	\$ 100,000
Cash Paid to Suppliers	<u>(335,382)</u>	<u>(9,595)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>151,187</u>	<u>90,405</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of Property and Equipment	<u>(2,436)</u>	<u>-</u>
<b>Net Cash Used in Investing Activities</b>	<u>(2,436)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	148,751	90,405
Cash and Cash Equivalents, Beginning of Year	<u>90,405</u>	<u>-</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 239,156</u></u>	<u><u>\$ 90,405</u></u>
<b>Noncash Activities</b>		
Property Donations Added to Inventory	\$ 729,337	\$ -
Administrative Services Provided by Sullivan County	46,103	-

*See Notes to Financial Statements*

# ***SULLIVAN COUNTY LAND BANK CORPORATION***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017**

### ***Note 1* Nature of Activities and Summary of Significant Accounting Policies**

#### **Purpose of the Land Bank**

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 not-for profit 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 Presentation**

The financial statements of the Land Bank have been prepared in accordance with U.S. generally accepted accounting principles ("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 organization. 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, where by 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, 2018 and 2017, respectively.

# ***SULLIVAN COUNTY LAND BANK CORPORATION***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017**

### ***Note 1* Nature of Activities and Summary of Significant Accounting Policies - Continued**

#### **Contributions**

The Land Bank accounts for contributions in accordance with the recommendations of the FASB ASC 958 “Not-for-Profit Entities.” Under FASB ASC 958, contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. It is the policy of the Land Bank to record contributions with donor-imposed restrictions that expire within the reporting period as unrestricted support.

#### **Natural and Functional Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include dues and subscriptions, maintenance, insurance, office supplies, legal fees, accounting fees, travel, and taxes and licenses, all of which are allocated on the basis of estimates of time and effort or other reasonable bases.

#### **Use of Estimates**

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

#### **Inventory**

Land and property held as of December 31, 2018 and 2017 is valued at the estimate of fair value at the date of donation plus any costs incurred during the rehabilitation process.

#### **Cash and Cash Equivalents**

The Land Bank considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no such investments outstanding at December 31, 2018 or 2017.

#### **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 FDIC limits. At December 31, 2018 and for the year then ended, \$-0- was uninsured.

#### **Tax Exemption**

The Land Bank was granted exempt status under Section 501(c)(3) of the Internal Revenue Code effective February 7, 2017. In addition, the Land Bank qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

#### **Advertising**

Advertising costs are expensed as incurred.

# ***SULLIVAN COUNTY LAND BANK CORPORATION***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017**

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

#### **New Accounting Pronouncement**

In August 2016, the FASB issued Accounting Standard Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Land Bank adopted ASU 2016-14 in 2018, and applied the changes retrospectively. As a result of the adoption of ASU 2016-14, the Land Bank has updated its net asset classifications, presented a Statement of Functional Expenses and a disclosure of liquidity information. The adoption has no effect on the net asset balances previously reported but did enhance the presentation of the prior year expenses through the addition of a comparative statement of functional expenses.

#### **Reclassifications - Cash Flows**

During the year ended December 31, 2018, the Land Bank changed its method of presenting the Statement of Cash Flows for operating activities from the indirect method (which adjusts net income to remove the effects of noncash operating transactions) to the direct method (which showed principal components of operating cash receipts and payments). This change has been applied retroactively to the 2017 Statement of Cash Flows.

#### **Events Subsequent to Report Date**

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through March 28, 2019, the date the financial statements were available to be issued.

### ***Note 2* Investments**

In accordance with Section 2925(6) of the Public Authorities Law for New York State, Public Authorities, the Land Bank reported no investments as of and for the year ended December 31, 2018 and 2017, 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 also include 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.

### ***Note 4* Property Inventory**

In accordance with Section 2896(3) of the Public Authorities Law for New York State, Public Authorities, the Land Bank reports it owns land and property with a recorded value of \$1,021,865 and \$-0- at December 31, 2018 and 2017, respectively. The land is located within the County.

# ***SULLIVAN COUNTY LAND BANK CORPORATION***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017**

***Note 5***    **Availability and Liquidity**

The following represents the Land Bank's financial assets at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
<b>Financial Assets at Year End</b>		
Cash	<u>\$ 239,156</u>	<u>\$ 90,405</u>
<b>Total Financial Assets Available Within One Year</b>	<u><u>\$ 239,156</u></u>	<u><u>\$ 90,405</u></u>

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

**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, a component unit of the County of Sullivan (the Land Bank), which comprise the Statements of Financial Position as of December 31, 2018, 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 28, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Land Bank's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Land Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Land Bank's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Land Bank's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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.

Respectfully Submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
March 28, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
SECTION 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, a component unit of the County of Sullivan (the Land Bank), as of and for the year ended December 31, 2018, 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 28, 2019.

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

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

Respectfully Submitted,

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
March 28, 2019

**INSERO & Co. CPAs, LLP**

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