

FINANCIAL REPORT
Audited
ULSTER COUNTY HOUSING DEVELOPMENT CORPORATION
(A Component Unit of Ulster County, New York)
December 31, 2024

Audited for:

Board of Directors
Ulster County Housing Development Corporation

DRAFT

Audited by:

RBT CPAs, LLP
11 Racquet Road
Newburgh, NY 12550
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ULSTER COUNTY HOUSING DEVELOPMENT CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ulster County Housing Development Corporation
244 Fair Street
P.O. Box 1800
Kingston, NY 12401

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Ulster County Housing Development Corporation (the "Corporation"), a component unit of Ulster County, New York, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic 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 Ulster County Housing Development Corporation, as of December 31, 2024, and its changes in financial position and its cash flows for the year 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* ("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 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 opinion.

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.

Auditor's 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 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 and GAS 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 GAS, 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 judgment, 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 the management's discussion and analysis, on pages 4-5, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with GAS, we have also issued our report dated August 18, 2025, on our consideration of the Ulster County Housing Development 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 Ulster County Housing Development Corporation's internal control over financial reporting and compliance.

Newburgh, New York
August 18, 2025

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ULSTER COUNTY HOUSING DEVELOPMENT CORPORATION
ULSTER COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The following Management's Discussion and Analysis report ("MD&A") provides the reader with an introduction and overview to the financial activities and performance of the Ulster County Housing Development Corporation (the "Corporation") for the year ended December 31, 2024. This information should be reviewed in conjunction with the Corporation's audited financial statements.

FINANCIAL POSITION SUMMARY

Net position may serve as an indicator of the Corporation's financial position. The Corporation's net position was \$151,629 at December 31, 2024.

For details of the Corporation's finances, see the accompanying financial statements and notes thereof.

SUMMARY OF NET POSITION

	<u>2024</u>
Assets	
Current Assets	<u>\$ 1,866,891</u>
Total Assets	<u>1,866,891</u>
Liabilities	
Current Liabilities	<u>1,715,262</u>
Net Position	
Unrestricted	<u>151,629</u>
Total Net Position	<u>\$ 151,629</u>

ULSTER COUNTY HOUSING DEVELOPMENT CORPORATION
ULSTER COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FINANCIAL OPERATIONS HIGHLIGHTS

The increase in net position in 2024 of \$151,629 reflects the Corporation's "income" for 2024. The income is due to the interest earned on cash in the bank and gain on sale of land.

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>2024</u>
Operating Revenues:	
Interest Income	\$ 26,128
Contributions from County	134,738
Gain on Disposal of Property	1,715,262
Total Operating Revenues	<u>1,876,128</u>
Operating Expenses:	
Contributions to County	1,715,262
Service Fees	1,837
Transfer Tax	7,400
Total Operating Expenses	<u>1,724,499</u>
Change in Net Position	<u>\$ 151,629</u>

FINANCIAL STATEMENTS

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board ("GASB"). The Corporation is structured as a proprietary fund. It is a component unit of Ulster County, New York because the County Manager appoints the Corporation's Board.

ULSTER COUNTY HOUSING DEVELOPMENT CORPORATION
ULSTER COUNTY, NEW YORK
STATEMENT OF NET POSITION

As of December 31	2024
ASSETS	
Current Assets:	
Cash and Cash Equivalents	<u>\$ 1,866,891</u>
Total Current Assets	<u>1,866,891</u>
TOTAL ASSETS	<u>1,866,891</u>
LIABILITIES	
Current Liabilities:	
Due to Ulster County	<u>1,715,262</u>
NET POSITION	
Unrestricted	<u>151,629</u>
TOTAL NET POSITION	<u><u>\$ 151,629</u></u>

ULSTER COUNTY HOUSING DEVELOPMENT CORPORATION
ULSTER COUNTY, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31	2024
Operating Expenses:	
Contributions to County	\$ 1,715,262
Service Fees	1,837
Transfer Tax	7,400
Total Operating Expenses	1,724,499
Operating Loss	(1,724,499)
Non-Operating Revenues:	
Property Contribution from County	134,738
Gain on Disposal of Property	1,715,262
Interest Income	26,128
Total Non-Operating Revenues	1,876,128
Change in Net Position	151,629
Net Position - Beginning	-
Net Position - Ending	\$ 151,629

ULSTER COUNTY HOUSING DEVELOPMENT CORPORATION
ULSTER COUNTY, NEW YORK
STATEMENT OF CASH FLOWS

For the Year Ended December 31	2024
Cash Flows from Operating Activities:	
Payments to Vendors	<u>\$ (9,237)</u>
Net Cash (Used in) Operating Activities	<u>(9,237)</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Sale of Assets	<u>1,850,000</u>
Net Cash Provided by Capital and Related Financing Activities	<u>1,850,000</u>
Cash Flows from Investing Activities:	
Interest Income	<u>26,128</u>
Net Cash Provided by Investing Activities	<u>26,128</u>
Net Increase in Cash and Cash Equivalents	1,866,891
Cash and Cash Equivalents - Beginning	<u>-</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 1,866,891</u></u>
Reconciliation of Operating Loss to Net Cash (Used in) Operating Activities:	
Operating Loss	<u>\$ (1,724,499)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Changes in Assets and Liabilities	
Increase in Due to County	<u>1,715,262</u>
Net Cash Used in Operating Activities	<u><u>\$ (9,237)</u></u>

ULSTER COUNTY HOUSING DEVELOPMENT CORPORATION
ULSTER COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

The Ulster County Housing Development Corporation (the “Corporation”) was formed by the Ulster County Legislature (the “County”) on July 28, 2020 pursuant to Section 1411 of the New York State Not-for-Profit Corporation Law. Under Section 4.02(b) of IRS Rev. Proc. 95-48, the Corporation is treated as an affiliate of a governmental unit and is subject to the provisions of the New York State Public Authorities Law. The Corporation’s sole member is the County and shall be managed by the appointed Board of Directors.

The mission of the Corporation is to create safe, decent, and affordable housing by working collaboratively with the public, non-profit and private sectors to ignite opportunities and provide solutions that respond to community needs, enhance community character and provide the foundation for families and individuals to thrive. The Corporation will support the County by facilitating the sale or lease of surplus County-owned properties that no longer serve an operational purpose, while also advancing the development of affordable housing within the community.

B. The Reporting Entity

The Corporation is considered a component unit of the financial reporting entity known as Ulster County, New York. Inclusion in the financial reporting entity, Ulster County, New York, is determined based on financial accountability as defined by the Governmental Accounting Standards Board (“GASB”) Codification Section 2100, Defining the Financial Reporting Entity. Component units are legally separate entities for which Ulster County, is financially accountable. The appointed Board of Directors shall manage the Corporation. This level of control meets the criteria for financial accountability as defined by GASB Codification Section 2100.

C. Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (“GAAP”), as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under standards set by GASB, the Corporation is presented as a proprietary fund. Proprietary fund financial statements are prepared on the accrual basis of accounting, which records the financial effects of transactions and other events when these transactions and events occur. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The measurement focus is the flow of economic resources.

D. Cash and Cash Equivalents

Corporation monies are deposited in FDIC insured commercial banks or trust companies located within the State of New York. The Corporation is authorized to use demand deposits, time and money market savings accounts, and certificates of deposit. GASB Codification Section C20, *Deposits with Financial Institutions*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, or collateralized by securities held by the Corporation or its agent in the Corporation’s name. As of December 31, 2024, the Corporation’s cash balances were fully collateralized and not subject to custodial credit risk.

For the purpose of presenting the Statement of Cash Flows, the Corporation considers all demand deposits, time and savings accounts, and certificates of deposit with an original maturity of three months or less to be cash or cash equivalents.

ULSTER COUNTY HOUSING DEVELOPMENT CORPORATION
ULSTER COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

F. Subsequent Events

The date to which events occurring after December 31, 2024, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosure is August 18, 2025, which is the date on which the financial statements were available to be issued.

II. PROPERTY CONTRIBUTION AND SALE

During 2024, the County transferred property with a carrying value of \$134,738 to the Corporation. The property was contributed at no cost with the specific intent that the Corporation facilitate its sale for the purpose of addressing the community's housing crisis. The property was sold during 2024 at a sale price of \$1,850,000. The net proceeds from its sale are to be returned to the County with only the interest received on banking activity being retained by the Corporation. As of December 31, 2024, \$1,715,262 is due to the County.

III. NEW REPORTING STANDARDS

GASB has issued Statements 101-104, none of which are expected to have any substantive effects on the Corporation's net position.

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**OTHER REPORTING
REQUIRED BY
*GOVERNMENT AUDITING
STANDARDS***

**INDEPENDENT AUDITOR’S 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
Ulster County Housing Development Corporation
244 Fair Street
P.O. Box 1800
Kingston, NY 12401

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 Housing Development Corporation (the “Corporation”), a component unit of Ulster County, New York, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements, and have issued our report thereon dated August 18, 2025.

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 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 preceding paragraph 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.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings as items 2024-001 through 2024-003.

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.

Newburgh, New York
August 18, 2025

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ULSTER COUNTY HOUSING DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

A. Internal Control Findings

No internal control findings noted.

B. Compliance Findings

2024-001 Annual Budget

Condition: The Corporation did not file its 2024 Annual Budget by the November 1, 2023 deadline.

Criteria: Annual Budgets are due to be filed with the New York State Authority Budget Office ("ABO") by November 1st under the ABO regulations.

Cause: The Corporation did not file timely.

Effect: The Corporation's non-compliance could lead to enforcement actions against the Corporation by the ABO.

Recommendation: We recommend that the Corporation file timely in order to comply with ABO regulations.

2024-002 Annual Report

Condition: The Corporation did not file its 2024 Annual Report by the April 1, 2025 deadline.

Criteria: The 2024 Annual Report is due to be filed with the ABO within 90 days of year end under ABO regulations.

Cause: The Corporation was unable to finalize its accounting for 2024 on a timely basis.

Effect: The Corporation's non-compliance could lead to enforcement actions against the Authority by the ABO.

Recommendation: We recommend that the Corporation file timely in order to comply with ABO Regulations.

2024-003 Procurement Report

Condition: The Corporation did not file its 2024 Procurement Report by the April 1, 2025 deadline.

Criteria: The 2024 Procurement Report is due to be filed within 90 days of year end under New York State Authority Budget Office ("ABO") regulations.

Cause: The Corporation was unable to finalize its accounting for 2024 on a timely basis.

Effect: The Corporation's non-compliance could lead to enforcement actions against the Authority by the ABO.

Recommendation: We recommend that the Corporation file timely in order to comply with ABO Regulations.