

EMERALD CORPORATE CENTER  
ECONOMIC DEVELOPMENT CORPORATION

Financial Statements

December 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

EMERALD CORPORATE CENTER  
ECONOMIC DEVELOPMENT CORPORATION

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Emerald Corporate Center Economic  
Development Corporation:

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the business-type activities of Emerald Corporate Center Economic Development Corporation (the Corporation), as of and for the years ended December 31, 2022 and 2021, and the related notes to 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 Corporation, as of December 31, 2022 and 2021, and the changes in its 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 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 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.

### 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 opinions. 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 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 management's discussion and analysis 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 Government Auditing Standards, we have also issued our report dated June 13, 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 Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
June 13, 2023

# EMERALD CORPORATE CENTER ECONOMIC DEVELOPMENT CORPORATION

## Management's Discussion and Analysis

December 31, 2022

The management of Emerald Corporate Center Economic Development Corporation (ECCEDC or the Corporation) offers the readers of these statements a narrative overview and analysis of the financial activities of ECCEDC for the year ended December 31, 2022. This management's discussion and analysis (MD&A) should be read in conjunction with the audited financial statements and the related notes that follow.

### Management Objective and Organization

The ECCEDC was established on May 18, 2000 by an act of the Sullivan County Legislature (County Resolution 270), and incorporated as a not for profit corporation on June 15, 2000, with the mission of operating and selling shovel-ready lots within the Emerald Corporate Park (the Park) for commercial office uses. The ECCEDC is located in the hamlet of Rock Hill, New York within the Town of Thompson (the Town). The Park is strategically located next to State Route 17 (future I-86) and Exit 109 placing the facility within 25 - 30 minutes of Interstates I-84 and I-87 and one hour from New York City.

The Park is physically located along Rock Hill Drive consisting of 52.55 acres. The acreage is subdivided into six lots ranging in size and topography. Two lots were purchased by Crystal Run Healthcare in 2002, and two lots were purchased by ABC XYA LLC in August of 2005. One lot contains the Emerald Springs Water Company that services the Park and one lot is currently owned by Sullivan County (the County), which is working with Verizon to have a cellular communications tower erected at the site. This lot is located in the back of the Park and consists of approximately 23 acres. It is the intent of the County to subdivide it to separate the tower site and return the remaining lot to ECCEDC for marketing and development.

Consistent with its mission, the ECCEDC has three primary objectives: (1) manage and maintain park assets and common areas in the park while lots are being sold; (2) market and sell all lots in the Park; (3) upon the sale of all lots, divest itself of all park assets and transfer ownership and management of the park to an association of owners.

The ECCEDC is governed by a nine member Board appointed by the County Legislative Chair and confirmed by the County Legislature. The Board meets quarterly on policy and budget matters regarding operation of the Park. The chairman of the Board is responsible for the day-to-day operational affairs of the park in meeting the aforementioned objectives.

The appointment practice of the Chairperson has been to nominate and confirm a senior executive officer of the County so that County staff and resources can be mobilized when necessary to address management issues of the Park. In the past, the County Manager has served as Chairperson. Since February of 2005, the Commissioner of Planning has been serving as Chairperson.

## EMERALD CORPORATE CENTER ECONOMIC DEVELOPMENT CORPORATION

### Management's Discussion and Analysis, Continued

Since its formation, the ECCEDC has had the County's business recruiting entity, the Partnership for Economic Development (the Partnership), assist with the marketing of the available lots in the park. Specifically, the Partnership has marketed the Park at trade shows and interfaced with developers and commercial realty firms in identifying potential buyers of the lots in the corporate park. While the Partnership continues to promote the Park on its website and to inquiries for the development sites, marketing has been supplemented by the use of commercial realtors. See Major Milestones and Park Development below for more details.

#### Changing Board Policy to Fit the Changing Market

The Park was planned and constructed during the late 1990's in the midst of a major downturn in the County's economy. The philosophy behind developing the Park was to stimulate economic activity by offering the region a shovel ready site to attract commercial space, ideally Class-A offices, to Sullivan County in an effort to stimulate and diversify the economy. In 2019, the ECCEDC Board entered into an agreement with a commercial real estate broker to market the property.

The post-911 era appeared to underscore this rationale since the thinking after September 11, 2001 was that back office operations would look to relocate outside the New York City Metropolitan Area. Given these circumstances, the ECCEDC Board prohibited spec building in the Park and required a build to suit provision.

Between 2001 and late 2003 this management approach worked well in that Crystal Run Health Care Industries purchased three lots in July of 2002 and broke ground in June of 2003 constructing an 84,000 square foot medical center to meet their business needs. Brookside Homes (ABC XYZ, LLC), a major modular home corporation, purchased two lots in 2005 to construct a 26,000 square foot office building to house financial, governmental, and professional services. This proposed development never took place and the lots were sold in 2009 and again in 2015.

Between 2003 and 2005 a number of development firms took an interest in the Park but declined submitting offers on the remaining lots because of the prohibition on spec buildings.

In reference to regional commercial office space, a market analysis conducted by the Commissioner of Planning and the President and CEO of the Partnership in the winter of 2006 revealed a strong demand for commercial and corporate office space in Orange, Westchester, Putnam, and Rockland counties. Furthermore, these areas offered more flexible options for development while offering a closer location to the New York Metropolitan Area making it appealing for developers. In effect, this reality refuted the Post-911 assumption noted earlier. The new Board Chairman's position was that the ECCEDC should allow spec building in order to attract buyers given the competition in the Hudson-Delaware region.

## EMERALD CORPORATE CENTER ECONOMIC DEVELOPMENT CORPORATION

### Management's Discussion and Analysis, Continued

In the Spring of 2006, the Board approved the Chairman's recommendation on a case-by-case basis. Over the ensuing years, the Partnership received interest from several light manufacturing companies in the site, including a major cosmetic brand, but Town zoning limited permitted uses at the site to office development. In 2015, the ECCEDC Chair worked with the Town and the host community, represented by the Rock Hill Business and Community Association, to develop and enact amended zoning for the Park to expand the allowable uses. Among those added were light industrial, flex space and retail uses on those lots with frontage on the hamlet's main street of Rock Hill Drive. Subsequent to the change in zoning, the Board received one offer to purchase the site. Since the offer was substantially below the parcel's appraised value, and also appeared speculative, the offer was not accepted.

#### Description of Operations

The ECCEDC has no direct employees. Operations on-site are conducted via contract employees and other management functions of the Park are handled in-kind by members of Sullivan County staff.

The on-site contract employees include a water operations manager to oversee the corporate park water company and a local landscaping and snow plowing company to maintain the common areas of the Park.

Management functions of the Park are handled by the Planning Commissioner to oversee the contract employees and conduct site visits to the Park, and the Division of Planning to monitor the day-to-day expenses and prepare payments for Board member signatures. In 2022 and 2021, as a result of staff cutbacks, assistance on fiscal matters has been provided by staff on loan from the County Office of Management and Budget. Planning staff also prepares the agenda packets, including budget updates and expense reports, and minutes for ECCEDC Board meeting and of Board committees required by the New York State Authorities Budget Office (ABO). They address parcel marketing and response to maintenance issues as needed.

The Board is no longer responsible for the road and electrical infrastructure of the Park. The former was dedicated to the Town in 2004 and the latter was dedicated to New York State Electric and Gas (NYSEG) in 2005. The only remaining infrastructure is the water company.

#### Overview of Financial Statements

These financial statements are designed to provide readers with a broad overview of the Corporation. These statements have been prepared in accordance with accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The Corporation's basic financial statements comprise two components: the financial statements (a statement of net position, a statement of revenue, expenses and changes in net position and a statement of cash flows) and the notes to financial statements.



## EMERALD CORPORATE CENTER ECONOMIC DEVELOPMENT CORPORATION

### Management's Discussion and Analysis, Continued

The Statement of Net Position presents information on all of the Corporation's assets and liabilities, with the difference between the two reported as net position. Overtime, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The Statement of Revenue, Expenses and Changes in Net Position present information showing how the Corporation's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. the accrual for accounts payable is expensed in a current year and recorded as a liability on the statement of net position for payout at a future date).

The Statement of Cash Flows is reported on the direct method. The direct method of cash flow reporting portrays net cash provided or used from operating, investing, capital and non-capital financing activities.

The Corporation reports its activity as a business type activity using the full accrual measurement focus and basis of accounting. The Corporation is a component unit of the County of Sullivan. Therefore, the results of the Corporation's operations, its net assets, and cash flows are also summarized in the County's government wide financial statements.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

#### Financial Highlights

##### Statement of Net Position

The statement of net position presents the financial position of the Corporation at the end of the fiscal year, December 31, 2022, 2021 and 2020. During the year December 31, 2022, the Corporation's total assets decreased \$14,388. During the year December 31, 2021, the Corporation's total assets decreased \$7,632. During the year December 31, 2020, the Corporation's total assets decreased \$14,826. Liabilities decreased \$620 at December 31, 2022 and decreased \$2,789 during the year ended December 31, 2021. The table below reflects the financial position at December 31, 2022, 2021 and 2020.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current assets	\$ 33,671	48,059	55,691
Capital assets	<u>1,442,461</u>	<u>1,442,461</u>	<u>1,442,461</u>
Total assets	1,476,132	1,490,520	1,498,152
Current liabilities	<u>58</u>	<u>678</u>	<u>3,467</u>
Net position	\$ <u>1,476,074</u>	<u>1,489,842</u>	<u>1,494,685</u>

## EMERALD CORPORATE CENTER ECONOMIC DEVELOPMENT CORPORATION

### Management's Discussion and Analysis, Continued

At December 31, 2022, the Corporation's total assets were \$1,476,132 and total liabilities were \$58. Net position, which represent the equity of the Corporation, was \$1,476,074. At December 31, 2021, the Corporation's total assets were \$1,490,520 and total liabilities were \$678. Net position, which represent the equity of the Corporation, was \$1,489,842.

The decrease in net position of \$13,768 during the year ended December 31, 2022 was due to a number of factors which include an increase in prepaid insurance \$586 and due from County of Sullivan (\$17,062) and offset by a decrease in accounts payable (\$620). The decrease in net position of \$4,843 during the year ended December 31, 2021 was due to a number of factors which include a decrease in prepaid insurance (\$4,762) and due from County of Sullivan (\$23,667) and offset by a decrease in accounts payable (\$2,789).

#### Current Assets

At December 31, 2022, current assets decreased \$14,388, or 29.9%, compared to the previous year. The reason for this was due to a decrease in the amount Due from County of Sullivan. At December 31, 2021, current assets decreased \$7,632, or 13.70%, compared to the previous year. The reason for this was due to a decrease in the amount Due from County of Sullivan. Current assets consists of cash, accounts receivable and amounts Due from County of Sullivan.

#### Current Liabilities

At December 31, 2022, current liabilities decreased \$620, or 91.4%, compared to previous year. This was due to a decrease in accounts payable. At December 31, 2021, current liabilities decreased \$2,789, or 80.44%, compared to previous year. This was due to a decrease in accounts payable.

#### Statement of Revenue, Expenses and Changes in Net Position

The statement of revenue, expenses and changes in net position presents the Corporation's results of operation.

- Total operating revenue for 2022 and 2021 were \$65,000 and \$55,369, respectively, which consist of support from the County.
- Operating expenses for 2022 and 2021 were \$78,768 and \$60,212, respectively, which includes water company operating expenses, insurance, professional fees, repairs and maintenance and miscellaneous expenses.

The following table reflects the changes in net position for 2022, 2021 and 2020.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenue	\$ 65,000	55,369	55,677
Operating expenses	<u>78,768</u>	<u>60,212</u>	<u>61,802</u>
Change in net position	\$ <u>(13,768)</u>	<u>(4,843)</u>	<u>(6,125)</u>

## EMERALD CORPORATE CENTER ECONOMIC DEVELOPMENT CORPORATION

### Management's Discussion and Analysis, Continued

#### Revenue Overview

	<u>2022</u>	<u>2021</u>	<u>2020</u>
County of Sullivan	\$ <u>65,000</u>	<u>55,369</u>	<u>55,677</u>

At December 31, 2022, total revenue decreased \$9,631, or 17.4%, compared to previous year. At December 31, 2021, total revenue decreased \$308, or 0.55%, compared to previous year. This was due to a decrease in revenue from the County of Sullivan.

#### Expense Overview

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Water company	\$ 68,372	44,935	40,269
Insurance	1,040	5,802	6,678
Professional fees	4,300	4,500	10,250
Repairs and maintenance	4,781	4,700	4,330
Miscellaneous	<u>275</u>	<u>275</u>	<u>275</u>
Total expenses	\$ <u>78,768</u>	<u>60,212</u>	<u>61,802</u>

At December 31, 2022, expenses increased \$18,556, or 30.8%, compared to previous year. At December 31, 2021, expenses decreased \$1,590, or 2.57%, compared to previous year.

#### Major Milestones and Park Development

In previous MD&A assessments, we have made note of the restrictive zoning imposed by the Town which has created a challenge because it has mitigated flexibility of potential developers. However, in the winter of 2008, with the assistance of our County Legislator from District 9, the Town revised the zoning to allow a specific percentage of retail space of total development in the Park. In 2015, the Town zoning was further updated to broaden the allowable use mix for light manufacturing and flex space. In 2018, the Board commissioned an engineering firm to quantify and illustrate the building capacity on the remaining land and secured preliminary approval from the Town of Thompson Planning Board to subdivide the property at the fire road if desired. In 2019, the board entered into an agreement with Keller Williams Realty for exclusive marketing rights to the remaining owned acreage. Keller Williams has proceeded to present the property at commercial real estate events. It has requested a market feasibility study; Planning Division staff has provided general market data.

Keller Williams generated one lead which conducted due diligence on the property over a several month period, including reviewing the original DEIS, stormwater management plan, maps of water and sewer lines, and other documents, as well as - and speaking with the engineer who drafted the original site plan drawings. The party concluded that costs of development at the site were beyond the means of their project. The contract with Keller Williams expired in March of 2020 and was not renewed.

## EMERALD CORPORATE CENTER ECONOMIC DEVELOPMENT CORPORATION

### Management's Discussion and Analysis, Continued

#### Major Milestones and Park Development, Continued

In 2020, the remaining developable acreage owned by the ECCEDC, not including the parcel that houses the water tower, was transferred to Sullivan County in order to facilitate construction of a new telecommunications tower to improve cellular communications in the area. There remains the potential to subdivide the property to sell that portion not used for the tower, should there be interest.

#### Factors That Will Impact The Future

As noted earlier, the ECCEDC currently owns the parcel that houses the water tower. The back lot was transferred to the County on December 2, 2020. It is expected that the County will subdivide the land required for the cellular communications tower and return the remaining acreage to the ECCEDC for marketing and development. In anticipation of this, and to support efforts for Park build out, the ECCEDC will continue to work with a commercial broker to aggressively market the property.

The costs of operating the water company have been an ongoing concern given that it has had only one commercial customer. In 2019, the ECCEDC Board, in conjunction with the Emerald Springs Water Company, intended to sell to the Town under a draft agreement that would provide an initial subsidy for a certain number of years. This arrangement would have resulted in immediate cost savings. In early 2020, the agreement had not yet been finalized and several changes had occurred. One was a change in County elected officials which resulted in a change of Board members. More significantly, the development by the Center for Discovery of a major children's hospital and autism research center nearby on the southern side of Route 17 increased residential development pressures in the area. A proposed 300 - unit residential development on property adjacent to the ECCEDC could potentially generate revenue for the water company. The ECCEDC Board elected to not conclude an agreement with the Town at that time, in order to allow the County to explore the creation of a water district that would allow it to benefit from those residential connections.

After due diligence, the County concluded that the burdens of creating and operating the new water district outweighed its anticipated benefits. The ECCEDC Board, in conjunction with the Emerald Springs Water Company, intend to sell to the Town. In 2021, the adjacent hotel and event center property changed hands and is now the Hamaspik Resort, a retreat for families with special needs children of the Satmar religious sect. Management of the resort left word with the water company operator inquiring about potential use of Emerald Springs Water as there had been an agreement with the previous owner to provide water in case of an emergency. However, the resort has been unresponsive to follow up attempts at communications.

#### Request for Information

This financial report is designed to provide a general overview of the Corporation's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the management of the Corporation.

EMERALD CORPORATE CENTER ECONOMIC DEVELOPMENT CORPORATION  
 Statements of Net Position  
 December 31, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash	\$ 22,268	20,731
Accounts receivable	10,528	9,977
Prepaid insurance	586	-
Due from County of Sullivan	289	17,351
Total current assets	33,671	48,059
Capital assets - deferred building costs	1,442,461	1,442,461
Total assets	1,476,132	1,490,520
<u>Liabilities</u>		
Current liabilities - accounts payable	58	678
<u>Net Position</u>		
Net investment in capital assets	1,442,461	1,442,461
Unrestricted	33,613	47,381
Total net position	\$ 1,476,074	1,489,842

See accompanying notes to financial statements.

EMERALD CORPORATE CENTER ECONOMIC DEVELOPMENT CORPORATION  
 Statements of Revenue, Expenses and Changes in Net Position  
 Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue - operating	\$ 65,000	<u>55,369</u>
Operating expenses:		
Water company	68,372	44,935
Insurance	1,040	5,802
Professional fees	4,300	4,500
Repairs and maintenance	4,781	4,700
Miscellaneous	<u>275</u>	<u>275</u>
Total operating expenses	<u>78,768</u>	<u>60,212</u>
Change in net position	(13,768)	(4,843)
Net position at beginning of year	<u>1,489,842</u>	<u>1,494,685</u>
Net position at end of year	<u>\$ 1,476,074</u>	<u>1,489,842</u>

See accompanying notes to financial statements.

EMERALD CORPORATE CENTER ECONOMIC DEVELOPMENT CORPORATION  
 Statements of Cash Flows  
 Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash receipts from County of Sullivan	\$ 81,511	75,610
Cash paid to suppliers for goods and services	<u>(79,974)</u>	<u>(58,239)</u>
Net cash provided by operating activities	1,537	17,371
Cash at beginning of year	<u>20,731</u>	<u>3,360</u>
Cash at end of year	<u><u>\$ 22,268</u></u>	<u><u>20,731</u></u>
Reconciliation of operating loss to net cash provided by operating activities:		
Change in net position	\$ (13,768)	(4,843)
Adjustments to reconcile change in net position to net cash provided by operating activities - changes in:		
Accounts receivable	(551)	(3,426)
Prepaid insurance	(586)	4,762
Due from County of Sullivan	17,062	23,667
Accounts payable	<u>(620)</u>	<u>(2,789)</u>
Net cash provided by operating activities	<u><u>\$ 1,537</u></u>	<u><u>17,371</u></u>

See accompanying notes to financial statements.

# EMERALD CORPORATE CENTER ECONOMIC DEVELOPMENT CORPORATION

## Notes to Financial Statements

December 31, 2022 and 2021

### (1) Nature of Organization

ECCEDC was incorporated as a not for profit corporation on June 15, 2000 for the purpose of overseeing, managing and developing a corporate park with the objective of relieving and reducing unemployment; promoting and providing for additional and maximum employment; bettering and maintaining job opportunities; encouraging the development of, or retention of, industries in the County of Sullivan (the County); assisting the commercial rehabilitation of the County.

ECCEDC is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. As a result, no provision for income tax has been made for purposes of this report.

The management of ECCEDC consists of the members of the Sullivan County Legislature and members appointed by the Legislature of the County. For the year ended December 31, 2021, ECCEDC occupies, at no cost, office space at the County Government Center. The County also provides administrative and clerical services to ECCEDC at no cost. The value of these services has not been determined.

ECCEDC is a component unit of the County of Sullivan, New York as set forth in Government Accounting Standards Board (GASB) Statement 39, as amended by GASB Statement No. 61 and No. 90.

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Accounting

The financial statements of Emerald Corporate Center Economic Development Corporation (ECCEDC) have been prepared in conformity with accounting principles generally accepted in the United States of America and applicable GASB pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### (b) Net Position

The Corporation's resources are classified into the following net position categories:

Net investment in capital assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt, if any, attributable to the acquisition, construction, or improvement of those assets.

Restricted - non-expendable - Net position subject to externally imposed stipulations requiring the Association to maintain them in perpetuity.

Restricted - expendable - Net position whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the Association or the passage of time.

Unrestricted - All other net position, including net position designated by actions, if any, of the Corporation's Board of Directors.

At December 31, 2022 and 2021, the Corporation had no restricted net position.



## EMERALD CORPORATE CENTER ECONOMIC DEVELOPMENT CORPORATION

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (c) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### (d) Cash and Equivalents

For the purpose of the statements of cash flows, ECCEDC considers all highly liquid investments with an initial maturity of six months or less to be cash equivalents.

##### (e) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. There was no allowance as of year end.

##### (f) Capital Assets - Deferred Building Costs

During 2002, ECCEDC acquired land and existing infrastructure from the County for the purpose of constructing a corporate center. All expenditures related to architectural, engineering, legal matters and construction of infrastructure are being capitalized. ECCEDC follows the provisions of GASB Statement No. 42 - "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries," for consideration of potential impairment of these assets.

##### (g) Revenue and Expense Recognition

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of timing of related cash flows.

##### (h) Subsequent Events

The Corporation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

##### (i) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences on a national, regional and local level are unknown, but have the potential to result in a significant economic impact. The impact of this situation on the Association and its future results and financial position is not presently determinable.

EMERALD CORPORATE CENTER ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(2) Related Party Transactions

At December 31, 2022 and 2021, the Corporation had an amount of \$289 and \$17,351 due from the County.

(3) Capital Assets

Capital assets for the years ended December 31, 2022 and 2021 includes the following:

	<u>2022</u>			
	Balance at December 31, <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance at December 31, <u>2022</u>
Deferred building costs	\$ <u>1,442,461</u>	<u>-</u>	<u>-</u>	<u>1,442,461</u>
	<u>2021</u>			
	Balance at December 31, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance at December 31, <u>2021</u>
Deferred building costs	\$ <u>1,442,461</u>	<u>-</u>	<u>-</u>	<u>1,442,461</u>

There was no depreciation in the years ended December 31, 2022 and 2021 as the property was held for development not placed in service.

(4) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required.

The effects of the implementation of these pronouncements are not known at this time.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 99 - Omnibus 2022. Effective in part for fiscal years beginning after June 15, 2022 and in part for fiscal years ending after June 15, 2023.

**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**

The Board of Directors  
Emerald Corporate Center Economic  
Development 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 Emerald Corporate Center Economic Development Corporation (the Corporation), as of and for the year ended December 31, 2022, and the related notes to financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 13, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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.

EFPR Group, CPAs, PLLC

Williamsville, New York  
June 13, 2023