FINANCIAL REPORT
Audited
**SUNSET LAKE LOCAL DEVELOPMENT CORPORATION**
(A Component Unit of Sullivan County, New York)
December 31, 2025

***Audited for:***

Board of Directors
Sunset Lake Local Development Corporation

***Audited by:***

RBT CPAs, LLP
11 Racquet Road
Newburgh, NY 12550
(845) 567-9000

## TABLE OF CONTENTS

LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sunset Lake Local Development Corporation
100 North Street
Monticello, New York 12701

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

**Opinion**

We have audited the financial statements of the Sunset Lake Local Development Corporation (the "Corporation"), a component unit of Sullivan County, New York, as of and for the years ended December 31, 2025 and 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 Sunset Lake Local Development Corporation, as of December 31, 2025 and 2024, and the changes in financial position and its 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 audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("*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 audits. 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.

rbtcpas.com

11 Racquet Road
Newburgh, NY 12550

P.O. Box 757
2215 Rt. 9W
Lake Katrine, NY 12449

4071 Route 9, Stop 1
Hudson, NY 12534

2678 South Road
Suite 101
Poughkeepsie, NY 12601

P.O. Box 209
51 Sullivan Street
Wurtsboro, NY 12790

590 Madison Avenue
21st Floor
New York, NY, 10022

**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 April 27, 2026, on our consideration of the Sunset Lake Local 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 Sunset Lake Local Development Corporation's internal control over financial reporting and compliance.

*RBT CPAs, LLP*

Newburgh, New York
April 27, 2026

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 Sunset Lake Local Development Corporation (the "Corporation") for the year and period, respectively, ended December 31, 2025 and 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 $0 and $1,370,205 at December 31, 2025 and 2024, respectively.

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

### SUMMARY OF NET POSITION

| | 2025 | 2024 | $ Change | % Change |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | $ - | $ 57,994 | $ (57,994) | -100.00% |
| Non-Current Assets | - | 1,596,322 | (1,596,322) | -100.00% |
| **Total Assets** | - | 1,654,316 | (1,654,316) | -100.00% |
| **Liabilities** | | | | |
| Current Liabilities | - | 284,111 | (284,111) | -100.00% |
| **Net Position** | | | | |
| Unrestricted | - | 1,370,205 | (1,370,205) | -100.00% |
| **Total Net Position** | $ - | $ 1,370,205 | $ (1,370,205) | -100.00% |

## FINANCIAL OPERATIONS HIGHLIGHTS

The decrease in net position in 2025 of $1,370,205 reflects the Corporation's "loss" for 2025. The loss is due to transferring assets to the County and the Corporation beginning the process of dissolution prior to year-end.

### SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

| | 2025 | 2024 | $ Change | % Change |
|---|---|---|---|---|
| **Operating Revenues:** | | | | |
| Contribution from County | **$ 586,850** | $ 458,933 | $ 127,917 | 27.87% |
| **Total Operating Revenues** | **586,850** | 458,933 | 127,917 | 27.87% |
| **Operating Expenses:** | | | | |
| Depreciation Expense | **51,295** | 68,393 | (17,098) | -25.00% |
| Professional Fees and Service Contracts | **3,685** | 13,990 | (10,305) | -73.66% |
| Real Estate Taxes | **357,069** | 457,933 | (100,864) | -22.03% |
| **Total Operating Expenses** | **412,049** | 540,316 | (128,267) | -23.74% |
| **Operating Income/(Loss)** | **174,801** | (81,383) | 256,184 | 314.79% |
| **Non-Operating Revenues:** | | | | |
| Interest Income | **21** | 33 | (12) | -36.36% |
| Loss on Disposal of Property | **(1,545,027)** | - | (1,545,027) | -100.00% |
| **Net Non-Operating Revenue** | **(1,545,006)** | 33 | (1,545,039) | -4681936.36% |
| **Change in Net Position** | **$ (1,370,205)** | $ (81,350) | (1,288,855) | -1584.33% |

## 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 Sullivan County, New York because the County Manager appoints the Corporation's five-member Board.

**SUNSET LAKE LOCAL DEVELOPMENT CORPORATION**
**SULLIVAN COUNTY, NEW YORK**
**STATEMENTS OF NET POSITION**

| As of December 31 | 2025 | 2024 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and Cash Equivalents | $ - | $ 57,994 |
| Total Current Assets | - | 57,994 |
| Non-Current Assets: | | |
| Capital Assets (Note II) | - | 1,596,322 |
| Total Non-Current Assets | - | 1,596,322 |
| **TOTAL ASSETS** | - | 1,654,316 |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Accounts Payable and Accrued Liabilities | - | 284,111 |
| **NET POSITION** | | |
| Unrestricted | - | 1,370,205 |
| **TOTAL NET POSITION** | $ - | $ 1,370,205 |

**SUNSET LAKE LOCAL DEVELOPMENT CORPORATION**
**SULLIVAN COUNTY, NEW YORK**
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

| For the Years Ended December 31 | 2025 | 2024 |
|---|---|---|
| **Operating Revenues:** | | |
| Contribution from County | $ 586,850 | $ 458,933 |
| **Total Operating Revenues** | 586,850 | 458,933 |
| **Operating Expenses:** | | |
| Depreciation Expense | 51,295 | 68,393 |
| Insurance Expense | - | 1,000 |
| Professional Fees | 2,685 | 11,990 |
| Agency Fee | 1,000 | 1,000 |
| Real Estate Taxes | 357,069 | 457,933 |
| **Total Operating Expenses** | 412,049 | 540,316 |
| Operating Income | 174,801 | (81,383) |
| **Non-Operating Revenues/(Expenses):** | | |
| Interest Income | 21 | 33 |
| Loss on Disposal of Property | (1,545,027) | - |
| **Net Non-Operating Revenues /(Expenses)** | (1,545,006) | 33 |
| Non-Operating Income | (1,545,006) | 33 |
| Change in Net Position | (1,370,205) | (81,350) |
| **Net Position - Beginning** | 1,370,205 | 1,451,555 |
| **Net Position - Ending** | $ - | $ 1,370,205 |

**SUNSET LAKE LOCAL DEVELOPMENT CORPORATION**
**SULLIVAN COUNTY, NEW YORK**
**STATEMENTS OF CASH FLOWS**

| For the Years Ended December 31 | 2025 | 2024 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Receipts from County | $ 586,850 | $ 458,933 |
| Payments to Vendors | (644,865) | (476,803) |
| **Net Cash (Used in) Operating Activities** | (58,015) | (17,870) |
| Interest Income | 21 | 33 |
| **Net Cash Provided by Investing Activities** | 21 | 33 |
| **Net (Decrease) in Cash and Cash Equivalents** | (57,994) | (17,837) |
| **Cash and Cash Equivalents - Beginning** | 57,994 | 75,831 |
| **Cash and Cash Equivalents - Ending** | $ - | $ 57,994 |
| **Reconciliation of Operating Income/(Loss) to Net Cash (Used in) Operating Activities:** | | |
| Operating Income/(Loss) | $ 174,801 | $ (81,383) |
| Adjustments to Reconcile Operating Income/(Loss) to Net Cash (Used in) Operating Activities: | | |
| Depreciation | 51,295 | 68,393 |
| **Changes in Assets and Liabilities** | | |
| Increase in Accounts Payable and Accrued Liabilities | (284,111) | (4,880) |
| **Net Cash (Used in) Operating Activities** | $ (58,015) | $ (17,870) |

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Organization and Purpose

The Sunset Lake Local Development Corporation (the "Corporation") was formed by the Sullivan County Legislature (the "County") on September 3, 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 is comprised of four Board Members and one Chairman.

The mission of the Corporation is to aid the County in the solicitation of bids and the identification of a private nursing home operator to run the Care Center at Sunset Lake in Liberty, New York (the "Care Center") on behalf of the County. In January 2022, the Corporation received three $100,000 refundable deposits from providers interested in leasing the operations of the Care Center and made a recommendation to the Legislature of its primary choice to run the facility. The refundable deposits were returned to the providers not selected during 2022 and Infinite Care Management was awarded title of provider. As of December 31, 2025, the Certificate of Need has not been transferred and the Corporation is in the process of being dissolved.

### B. The Reporting Entity

The Corporation is considered a component unit of the financial reporting entity known as Sullivan County, New York. Inclusion in the financial reporting entity, Sullivan 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 Sullivan County, is financially accountable. The County Manager appoints all of the Corporation's Board Members. 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, 2025, the Corporation's cash balances were $0.00.

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.

## 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, 2025, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosure is April 27, 2026, which is the date on which the financial statements were available to be issued.

## II. CAPITAL ASSETS

Capital assets consisted of the following at December 31, 2025:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Building and Improvements | $ 12,378,249 | $ - | $ (12,378,249) | $ - |
| Land Improvements | 513,193 | - | (513,193) | - |
| | 12,891,442 | - | (12,891,442) | - |
| Less: Accumulated Depreciation | (11,295,120) | (51,295) | 11,346,415 | - |
| Total Capital Assets, Net | $ 1,596,322 | $ (51,295) | $ (1,545,027) | $ - |

Per GASB 48, intra-entity transfers of assets should be recognized by the transferee at the carrying value of the transferor. Accordingly, the Corporation recorded the capital assets received from the County at the carrying amount recognized by the County at the transfer date. Effective May 14, 2025, the Corporation executed a quit claim deed and bill of sale to transfer its assets to Sullivan County for no consideration.

## III. LEASE AGREEMENT

In February 2022, the LDC entered into a lease-leaseback agreement with the County of Sullivan Industrial Development Agency (the "IDA") for the land and facility owned by the LDC. The LDC and IDA also entered into a payment in lieu of taxes ("PILOT") agreement. The IDA paid the LDC $1 in exchange for the lease agreement. The leaseback agreement requires the LDC to pay the IDA $1,000 per year until the County's Certificate of Need ("CON") is transferred to Sunset SNF Operations LLC (the "Sunset SNF"), at which time the PILOT and leaseback agreements will also transfer to Sunset SNF. As of December 31, 2025, the CON has not transferred. Due to the immaterial amount of the lease-leaseback arrangement, the LDC has elected not to capitalize the net lease liability. In 2025 the Corporation terminated its lease-leaseback agreement with Sullivan County and has no leases as of December 31, 2025.

## IV. SUBSEQUENT EVENTS

In a letter dated October 8, 2025, the County submitted a petition to the Attorney General for approval to dissolve the Corporation. As of April 27, 2026, an approval letter had not yet been received.

# OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**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
Sunset Lake Local Development Corporation
100 North Street
Monticello, New York 12701

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 Sunset Lake Local Development Corporation (the "Corporation"), a component unit of Sullivan County, New York, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated April 27, 2026.

**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.

rbtcpas.com

11 Racquet Road
Newburgh, NY 12550

P.O. Box 757
2215 Rt. 9W
Lake Katrine, NY 12449

4071 Route 9, Stop 1
Hudson, NY 12534

2678 South Road
Suite 101
Poughkeepsie, NY 12601

P.O. Box 209
51 Sullivan Street
Wurtsboro, NY 12790

590 Madison Avenue
21st Floor
New York, NY, 10022

**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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings as item 25-001.

**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.

*RBT CPAs, LLP*

Newburgh, New York
April 27, 2026

A. Internal Control Findings

No internal control findings noted.

B. Compliance Findings

| | |
|---|---|
| 2025-001 | 2024 Annual Report |
| Condition: | The Corporation did not file its 2024 Annual Report by the March 31, 2025 deadline. |
| Criteria: | The Annual Report is due to be filed within 90 days of the year end under New York State Authorities Budget Office "("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. |