GOLDEN HILL LOCAL DEVELOPMENT CORPORATION
(A Component Unit of Ulster County, New York)
FINANCIAL STATEMENTS
(and Report of Independent Auditors)

December 31, 2014

Golden Hill Local Development Corporation
(A Component Unit of Ulster County, New York)
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PKHB

PATTISON, KOSKEY, HOWE & BUCCI, CPAs, P.C.

www.pkhbcpa.com

Richard P. Koskey, CPA
Ned Howe, CPA
A. Michael Bucci, CPA
Bradley Cummings, CPA, CVA
Suzanne E. Muldoon, CPA
Nancy K. Patzwahl, CPA
Matthew H. VanDerbeck, CPA
Gary F. Newkirk, CPA

Reginald H. Pattison, CPA (1910-2002)
Jon Rath, CPA (Retired)

Jean Howe Lossi, EA
N. Thérèse Wolfe, EA
Carol LaMont Howe, EA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Golden Hill Local Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Golden Hill Local Development Corporation (the Corporation), a component unit of the County of Ulster, New York, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Golden Hill Local Development Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Golden Hill Local Development Corporation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from 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 entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Golden Hill Local Development Corporation, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Corporation intends to dissolve in the near future. 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 9, 2015 on our consideration of Golden Hill 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 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 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 Golden Hill Local Development Corporation's internal control over financial reporting and compliance.

Pattison, Kiskey, Howe & Bucci, CPAs, P.C.

Valatie, New York
March 9, 2015

GOLDEN HILL LOCAL DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF ULSTER COUNTY, NEW YORK)
STATEMENT OF FINANCIAL POSITION
December 31, 2014

ASSETS

Current assets:	
Cash	$ 32,976
Total assets	$ 32,976

LIABILITIES AND NET ASSETS

Current liabilities:	
Due to Ulster County	$ 32,976
Total liabilities	32,976
Unrestricted net assets	-
Total liabilities and net assets	$ 32,976

See independent auditors' report and notes to financial statements.

GOLDEN HILL LOCAL DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF ULSTER COUNTY, NEW YORK)
STATEMENT OF ACTIVITIES
For the year ended December 31, 2014

Unrestricted revenue:		
Appropriations from Ulster County	$	902
Unrestricted expenses:		
Administrative		902
Change in Unrestricted Net Assets		-
Unrestricted Net Assets:		
Beginning of year		-
End of year	$	-

See independent auditors' report and notes to financial statements.

GOLDEN HILL LOCAL DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF ULSTER COUNTY, NEW YORK)
STATEMENT OF CASH FLOWS
For the year ended December 31, 2014

Cash flows from operating activities:	
Change in unrestricted net assets	$ -
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Change in:	
Accounts payable	(3,000)
Due to Ulster County	(902)
Net cash used by operating activities	(3,902)
Cash at beginning of year	36,878
Cash at end of year	$ 32,976

See independent auditors' report and notes to financial statements.

(1) Organization

The Golden Hill Local Development Corporation (the Corporation) is a special purpose, bankruptcy-remote local development corporation organized under the Not-For-Profit Corporation Law of the State of New York (the State). The Corporation was established on October 7, 2011, however there were no substantive operations until February 17, 2012 as discussed herein. The Corporation is an instrumentality of, but separate and apart from, the County of Ulster, New York (the County). The Corporation has a board of directors comprised of seven directors; three directors chosen by the Ulster County Executive; three directors from the Ulster County Legislature, of which two selected by the Chairman of the Legislature and one selected by the Minority Leader; and one director who shall be independent. Although legally separate from the County, the Corporation is a component unit of the County and, accordingly, is included in the County's financial statements as a discretely presented component unit.

The Golden Hill Local Development Corporation's mission was to seek and transfer the land and the facilities of the Golden Hill Health Care Center to the highest qualified bidder. In doing so, the Corporation examined and considered, where applicable, the bidders' competency and character, history of employee relations and practices, quality of care of residents, record of retaining facilities subsequent to acquisition, willingness to agree to build a new facility at the site, willingness to continue to care for all existing residents at the time of acquisition (unless otherwise indicated by the New York State Department of Health criteria), financial stability, and willingness to consider existing staff as potential employees.

Sale of the Golden Hill Health Care Center

During 2012, the Corporation entered into a contract with a potential purchaser for the Golden Hill Health Care Center. The terms of the sale called for a purchase price of $11.25 million, payable in three separate deposits and the balance due at closing. The sale of the Health Care Center was finalized on June 26, 2013. Subsequent to closing, the Corporation transferred to the County $10.9 million, and has retained the remaining funds from the sale to subsidize the operating expenses of the Corporation. The remaining operating expenses of the Corporation to be subsidized by the County will reduce the liability the Corporation owes to the County. As of December 31, 2014, the Corporation has a liability to Ulster County in the amount of $32,976.

Future of the Organization

The Corporation met its intended purpose when the sale of Golden Hill Health Care Center was finalized in 2013. As a result, the Corporation will be dissolved in the near future.

(2) Summary of Significant Accounting Policies:

(a) Basis of Presentation

The Corporation has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. The Corporation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Corporation had only unrestricted net assets as of the year ended December 31, 2014.

(b) Measurement Focus and Basis of Accounting

The Corporation has prepared its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Cash and Cash Equivalents

The Corporation considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

(d) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America require the Corporation's management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(f) Income Taxes

A provision for income tax has not been provided for in these financial statements, as the Corporation is a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Corporation has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements, according to FASB ASC 740-10. Penalties and interest assessed by income taxing authorities are included in operating expense, if incurred. The Corporation is no longer subject to examination by federal and state taxing authorities for years prior to fiscal year ended December 31, 2011.

(g) Subsequent Events

Subsequent events have been evaluated through March 9, 2015, which is the date the financial statements were available to be issued.

(3) Appropriations from Ulster County

Ulster County provides operating support from the property tax levy and other resources to the Corporation in support of the Corporation's specified purpose. During 2014, the Corporation received $902 in Appropriations from Ulster County's General Fund.

(4) Transactions with Ulster County

The Corporation uses office space and telephone services from the County, and shares overhead and operating services and expenses with the County (including employees, consultants and agents).

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Golden Hill Local Development Corporation

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 Golden Hill Local Development Corporation as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Golden Hill Local Development Corporation's basic financial statements, and have issued our report thereon dated March 9, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Golden Hill Local Development 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 Golden Hill Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Golden Hill Local Development 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.

502 Union Street
Hudson, NY 12534
Tel: 518-828-1565
Fax: 518-828-2672

45 Five Mile Woods Road, Suite 1
Catskill, NY 12414
Phone: 518-943-4502
Fax: 518-943-6532

2880 Route 9, Suite 2
Valatie, NY 12184
Tel: 518-758-6776
Fax: 518-758-6779

340 Main Street
Saugerties, NY 12477
Tel: 845-246-3803
Fax: 845-246-1035

Members of the American Institute of Certified Public Accountants and New York State Society of Certified Public Accountants

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Golden Hill Local Development 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.

Pattison, Koskey, Howe + Bucci, CPAs, P.C.

Valatie, New York
March 9, 2015