

***SULLIVAN COUNTY RESORT FACILITIES LOCAL DEVELOPMENT  
CORPORATION***

***FINANCIAL STATEMENTS***

***DECEMBER 31, 2025***

SULLIVAN COUNTY RESORT FACILITIES LOCAL DEVELOPMENT  
CORPORATION  
DECEMBER 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of the Sullivan County  
Resort Facilities Local Development Corporation  
Monticello, NY 12701

**Opinions**

We have audited the accompanying financial statements of the Sullivan County Resort Facilities Local Development Corporation, a component unit of the County of Sullivan, New York, as of and for the period ended December 31, 2025, and the related 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 financial statements referred to above present fairly, in all material respects, the financial position of the Sullivan County Resort Facilities Local Development Corporation as of December 31, 2025, and the respective changes in financial position and cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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. 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 Sullivan County Resort Facilities Local Development 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 opinions.

**Emphasis of Matter**

As discussed in Note 7 to the financial statements, the Sullivan County Resort Facilities Local Development Corporation is likely to dissolve operations in 2026 if the major project disclosed in the Notes to the financial statements does not occur. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

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

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 Sullivan County Resort Facilities Local Development 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 Responsibility 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 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Sullivan County Resort Facilities Local Development 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 Sullivan County Resort Facilities Local Development 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 through 6 be presented to supplement the basic financial statements. Such information, 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 March 28, 2026, on our consideration of the Sullivan County Resort Facilities 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sullivan County Resort Facilities Local Development Corporation's internal control over financial reporting and compliance.

*Cooper Arias, LLP*

Mongaup Valley, New York  
March 28, 2026

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Period Ending December 31, 2025

This section of the Sullivan County Resort Facilities Local Development Corporation's annual financial report presents our discussion and analysis of the Corporation's financial performance during the period ended on December 31, 2025. Please read it in conjunction with the Corporation's financial statements and accompanying notes.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The Corporation's statements follow the accrual basis of accounting and are presented in a manner similar to a private business.

### FINANCIAL ANALYSIS OF THE CORPORATION

The following table summarizes the net position as of December 31, 2025.

	<u>2025</u>
Current Assets	\$ 241,470
Non-Current Assets	<u>          -</u>
Total Assets	<u>241,470</u>
Current Liabilities	180,956
Long Term Liabilities	<u>          -</u>
Total Liabilities	<u>180,956</u>
Unrestricted	<u>60,514</u>
Total Net Position	<u>\$ 60,514</u>

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
 Period Ending December 31, 2025

The following table summarizes the operating activity for the period ended December 31, 2025.

	<u>2025</u>
Project Fees	<u>\$ 1,920,000</u>
Total Operating Revenues	<u>1,920,000</u>
Accounting	956
Bond Costs	1,565,000
Administration Fees	1,031
Consulting Services	22,050
Insurance	17,095
Office Expenses	<u>3,354</u>
Total Operating Expenses	<u>1,609,486</u>
Operating Income	310,514
Non-Operating Revenues/(Expenses)	
Transfer to Sullivan County Funding Corp.	<u>(250,000)</u>
Change in Net Position	<u>\$ 60,514</u>

**OPERATIONS AND ACCOMPLISHMENTS**

Sullivan County Resort Facilities Local Development Corporation (“Corporation”) was formed in 2025. Its mission is to acquire, develop, own, construct (or cause to be constructed), maintain (or cause to be maintained), operate (or cause to be operated) certain real and tangible personal property located in the Town of Thompson, County of Sullivan, New York. The Corporation is operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, to relieve and reduce unemployment, promote and provide for additional and maximum employment, improve and maintain job opportunities, and lessen the burden of government and act in the public interest.

In furtherance of this mission, on August 11, 2025 the Corporation authorized the acquisition of certain assets to promote economic development purposes, and financing thereof through the issuance, execution, sale, and delivery of tax-exempt revenue bonds in a maximum aggregate principal amount not to exceed \$570,000,000, together with various related transactions. On September 8, 2025 the original bond resolution was amended to approve an issuance of up to \$585,000,000. The bond issue has not closed.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Period Ending December 31, 2025

During 2025 the Board of Directors of the Corporation met six times to conduct business. The Board held its organizational meeting on May 5. The Board adopted various resolutions relating to the proposed bond issue on August 11 and September 8. The Board adopted its FY 2026 Budget and Financial Plan on October 20. On December 8 the Board made certain Board and Agency appointments. In addition to meetings of the full Board of Directors, the Governance Committee met on December 8 to conduct its annual business.

### CAPITAL ASSETS

The Corporation had no capital assets as of December 31, 2025.

### DEBT

The Corporation had no debt as of December 31, 2025.

### CONTACTING THE CORPORATION'S MANAGEMENT

If you have any questions about this report or need additional information, contact Jennifer Flad, Executive Director, Sullivan County Resort Facilities Local Development Corporation, at 548 Broadway Monticello, NY 12701.

SULLIVAN COUNTY RESORT FACILITIES LOCAL DEVELOPMENT CORPORATION  
STATEMENT OF NET POSITION  
DECEMBER 31, 2025

ASSETS	<u>2025</u>
Current Assets	
Cash and Cash Equivalents	\$ 217,541
Prepaid Expenses	<u>23,929</u>
Total Current Assets	<u>241,470</u>
 TOTAL ASSETS	 <u>241,470</u>
 LIABILITIES	
Current Liabilities	
Accounts Payable	<u>180,956</u>
Total Current Liabilities	<u>180,956</u>
 TOTAL LIABILITIES	 <u>180,956</u>
 NET POSITION	
Unrestricted	<u>60,514</u>
 TOTAL NET POSITION	 <u><u>\$ 60,514</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY RESORT FACILITIES LOCAL DEVELOPMENT CORPORATION  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
PERIOD ENDED DECEMBER 31, 2025

	<u>2025</u>
OPERATING REVENUES	
Project Fees	\$ <u>1,920,000</u>
Total Operating Revenues	<u>1,920,000</u>
OPERATING EXPENSES	
Accounting	956
Bond Costs	1,565,000
Administrative Fees	1,031
Consulting Services	22,050
Insurance	17,095
Office Expenses	<u>3,354</u>
Total Operating Expenses	<u>1,609,486</u>
NET OPERATING INCOME (LOSS)	<u>310,514</u>
NON-OPERATING REVENUES (EXPENSES)	
Transfer to Sullivan County Funding Corp.	<u>(250,000)</u>
Net Non-Operating Revenues (Expenses)	<u>(250,000)</u>
CHANGE IN NET POSITION	60,514
NET POSITION- Beginning of the Year	<u>-</u>
NET POSITION- End of the Year	<u>\$ 60,514</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY RESORT FACILITIES LOCAL DEVELOPMENT CORPORATION  
STATEMENT OF CASH FLOWS  
PERIOD ENDED DECEMBER 31, 2025

	<u>2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Providing Services	\$ 1,920,000
Payment of Bond Costs	(1,385,000)
Payments to Contractors	<u>(67,459)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>467,541</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Transfer to Sullivan County Funding Corp.	<u>(250,000)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(250,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	217,541
CASH AND CASH EQUIVALENTS- Beginning of the Year	<u>-</u>
CASH AND CASH EQUIVALENTS- End of the Year	<u>\$ 217,541</u>
Reconciliation of operating revenue (loss) to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$ 310,514
Changes in Assets and Liabilities	
(Increase) Decrease in Operating Assets:	
Prepaid Expenses	(23,929)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	<u>180,956</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 467,541</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY RESORT FACILITIES LOCAL DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Financial Reporting Entity**

The Sullivan County Resort Facilities Local Development Corporation (the “Corporation”) was established on April 25, 2025 under Section 402 and Section 1411 of the Not For Profit Corporation Law of the State of New York, which covers local development corporations. The purpose of the Corporation is to acquire, develop, own, construct (or cause to be constructed), operate (or cause to be operated) certain real and tangible personal property located within the County of Sullivan, New York.

The Corporation was established to relieve and reduce unemployment, promote and provide for additional employment, improve and maintain job opportunities, and lessen the burden of government and act in the public interest by undertaking and promoting economic development initiatives in Sullivan County, New York.

The Corporation is a component unit of the County of Sullivan, New York (the “County”). The County is the sole Member of the Corporation acting by and through the County Manager. The financial activities of the Corporation are combined with the financial activities of the County of Sullivan and other component units, which constitutes the entire reporting entity for the County of Sullivan.

**Basis of Accounting**

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

The Corporation follows the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred. Fixed assets and long-term liabilities related to these activities are recorded within the financial statements.

**Use of Estimates**

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

SULLIVAN COUNTY RESORT FACILITIES LOCAL DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Operating Revenues and Expenses**

In the statement of revenues, expenses and changes in fund net position, operating revenues and expenses include all activity that is part of the Corporation's normal operating activities. Interest earned on cash balances, depreciation and unusual or infrequent items are included as non-operating activities.

**Cash and Equivalents**

For the statement of cash flows, the Corporation considers all highly liquid investments as cash.

**New Accounting Standards**

The Corporation has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2025 the Corporation implemented the following new standards:

GASB 102 – *Certain Risk Disclosures*

**Future Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 103 – *Financial Reporting Model Improvements*, effective for the year ending December 31, 2026

GASB 104 – *Disclosure of Certain Capital Assets*, effective for the year ending December 31, 2026

GASB 105 – *Subsequent Events*, effective for the year ending December 31, 2027

The Corporation will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

SULLIVAN COUNTY RESORT FACILITIES LOCAL DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Equity Classifications**

In the financial statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Agency.

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the Corporation and then determine which classification of net position will be applied.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Corporation reported no deferred outflows or inflows of resources as of December 31, 2025.

SULLIVAN COUNTY RESORT FACILITIES LOCAL DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 2 – CASH AND INVESTMENTS

The Corporation has its own written investment policy. Corporation monies may be deposited in FDIC-insured commercial banks in the form of demand deposits or certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, and obligations of New York State. Repurchase agreements must be purchased from banks located within New York State and the underlying securities must be obligations of the United States of America or guaranteed by agencies of the United States of America.

Collateral is required for demand deposits and certificates of deposit on all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the United States of America and its agencies and obligations of New York State and its municipalities and school districts.

The Corporation's aggregate cash balances were all covered by depository insurance at year-end.

NOTE 3 – RELATED PARTIES

Sullivan County Funding Corporation

The Sullivan County Funding Corporation (the "LDC") is a component unit of the County of Sullivan. The Corporation authorized \$250,000 of its project fee related to a pending bond issue to be transferred to the LDC for its use.

There were no outstanding balances between the two entities as of December 31, 2025.

NOTE 4 – BOND COSTS

During 2025, the Corporation authorized the issuance of revenue bonds in the amount of \$585,000,000 to purchase the non-gaming improvements and personal property of a local casino, golf course and adjacent hotel from several Resorts World Catskills entities ("RWC"). As a condition of the bond issue, a qualified management company would be engaged to manage the properties and a General Assessment District would be created to impose a general levy on the involved properties to support operation, maintenance and development of the areas subject to the economic development plan. Additionally, the Corporation would enter into sub-lease agreements with the owner of the property on which the improvements and personal property are located for 40 year terms. As of December 31, 2025, a total of \$1,565,000 in bond costs have been incurred. As of the date of the financial statements, the bond issue has not closed.

NOTE 5 – PROJECT FEES

The Corporation's operating expenses and related bond costs have been funded by RWC in order for the Corporation to remain available to consider a future bond issue. As of December 31, 2025, a total of \$1,920,000 has been provided to the Corporation by RWC.

SULLIVAN COUNTY RESORT FACILITIES LOCAL DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE 6 – EVENTS OCCURRING AFTER REPORTING DATE

The Sullivan County Resort Facilities Local Development Corporation has evaluated events and transactions that occurred between December 31, 2025 and March 28, 2026, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 7 – GOING CONCERN

If the transaction detailed in Note 4 does not occur, it is likely that the Corporation will cease operations and dissolve in 2026.

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 Auditor's Report

To the Board of the Sullivan County  
Resort Facilities Local Development Corporation  
Monticello, New York 12701

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Sullivan County Resort Facilities Local Development Corporation, a component unit of the County of Sullivan, New York, as of and for the period ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the Sullivan County Resort Facilities Local Development Corporation's financial statements and have issued our report thereon dated March 28, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Sullivan County Resort Facilities Local Development 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 Sullivan County Resort Facilities Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sullivan County Resort Facilities 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 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 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 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 that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cooper Arias, LLP*

Mongaup Valley, New York  
March 28, 2026