



REPORT ON FINANCIAL STATEMENTS

DECEMBER 31, 2018



REPORT ON FINANCIAL STATEMENTS

TABLE OF CONTENTS

Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting	9
Schedule of Findings and Questioned Costs	11



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cattaraugus County Land Bank Corporation

We have audited the accompanying financial statements of *Cattaraugus County Land Bank Corporation* (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the statements.

Management's Responsibility 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.

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. 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 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 financial position of *Cattaraugus County Land Bank Corporation* as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Comparative Summarized Information

We have previously audited *Cattaraugus County Land Bank Corporation's* 2017 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated March 26, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

In accordance with *Government Auditing Standards*, we have also issued a report dated March 1, 2019 on our consideration of the Council's internal control over financial reporting. The purpose of that report is to describe the scope of our testing of internal controls, and not to provide an opinion on internal control over financial reporting. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of the audit.

Bysiek CPA, PLLC

**BYSIEK CPA, PLLC
MARCH 1, 2019
OLEAN, NY 14760**

CATTARAUGUS COUNTY LAND BANK CORPORATION
STATEMENTS OF FINANCIAL POSITION

PAGE 3

<i>As of December 31,</i>	<u>2018</u>	<u>2017</u>
Assets		
Cash	<u>\$ 393,821</u>	<u>\$ 182,852</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ -	\$ 25,905
Deferred revenue	364,640	162,783
Total liabilities	<u>364,640</u>	<u>188,688</u>
Net assets (deficit)		
Without donor restrictions	29,181	(5,836)
Total liabilities and net assets (deficit)	<u>\$ 393,821</u>	<u>\$ 182,852</u>

See independent auditor's report and accompanying notes to the financial statements

CATTARAUGUS COUNTY LAND BANK CORPORATION
STATEMENTS OF ACTIVITIES

PAGE 4

<i>For the Year Ended December 31,</i>	<u>2018</u>	<u>2017</u>
Revenue		
Grants	\$ 89,414	\$ -
Property sales	34,176	-
Contributions	-	34,258
Miscellaneous	841	25
Total revenue	<u>124,432</u>	<u>34,283</u>
Expenses		
Program services	80,473	36,107
Management and general	8,941	4,012
Total expenses	<u>89,414</u>	<u>40,119</u>
Change in net assets (deficit)	35,017	(5,836)
Net assets (deficit), beginning of year	(5,836)	-
Net assets (deficit), end of year	<u>\$ 29,181</u>	<u>\$ (5,836)</u>

See independent auditor's report and accompanying notes to the financial statements.

CATTARAUGUS COUNTY LAND BANK CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

	2018			2017
	Program Services	Management and General	Total	Total
Contracted services	\$ 71,838	\$ 7,982	\$ 79,820	\$ 39,955
Professional fees	5,175	575	5,750	-
Insurance	881	98	979	-
Dues and subscriptions	1,800	200	2,000	-
Office expenses	780	87	866	164
Total expenses	\$ 80,473	\$ 8,941	\$ 89,414	\$ 40,119

See independent auditor's report and accompanying notes to the financial statements.

CATTARAUGUS COUNTY LAND BANK CORPORATION
STATEMENTS OF CASH FLOWS

PAGE 6

For the Year Ended December 31,

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Receipts		
Contributions	\$ -	\$ 34,258
Grants	291,271	162,783
Property sales	34,176	-
Miscellaneous	841	25
Total receipts	<u>326,289</u>	<u>197,066</u>
Payments		
Contracted services	105,725	14,050
Professional fees	5,750	-
Insurance	979	-
Dues and subscriptions	2,000	-
Office expenses	866	164
Total payments	<u>115,319</u>	<u>14,214</u>
Net change in cash	210,969	182,852
Cash at beginning of year	182,852	-
Cash at end of year	<u>\$ 393,821</u>	<u>\$ 182,852</u>

See independent auditor's report and accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Nature of Activities

The New York State Attorney General announced an initiative aimed at helping communities recover from the devastating effects of the foreclosure crisis. As a part of the Attorney General's Community Revitalization Initiative (CRI), the **Cattaraugus County Land Bank Corporation (CCLBC)** was created in September of 2017 by the Cattaraugus County Board of Legislators under the provisions of the New York State Land Bank Act. The Organization is a nonprofit organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification Topic 958, *Financial Statements of Not-for-Profit Organizations*. Under Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

D. Estimates

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

E. Cash

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

F. Inventory (Properties Held for Resale)

Generally Accepted Accounting Principles require inventory be booked at cost or fair market value, whichever is less. Properties held for sale are held in possession by Cattaraugus County until ready for sale. All acquisition, demolition and rehabilitation costs are covered by the County until the transfer takes place, at which time **CCLBC** reimburses the County using grant funds. The fair market value of properties held for sale is recognized as revenue at the point of sale.

G. Capitalization and Depreciation

Improvements and equipment purchases are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is recorded on capitalized assets using the straight-line method. **CCLBC** does not currently have any assets subject to depreciation.

H. Revenue Recognition

Grant awards are accounted for as exchange transactions and recorded as revenue when expenditures have been incurred in compliance with grant compliance requirements. Amounts unspent are recorded in the statement of financial position as deferred revenue, which amounted to approximately \$364,000 and \$163,000 as of December 31, 2018 and 2017, respectively.

I. Contingencies

Cattaraugus County Land Bank Corporation has received grants which are subject to audit by agencies of the state. Such audits may result in disallowances and a request for a return of funds. Based on no known significant areas of non-compliance, the Organization believes disallowances, if any, will not be material.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CON'T)

J. Expense Recognition and Reporting

Cattaraugus County Land Bank Corporation recognizes expenses as incurred or as assets are consumed. The Organization utilizes the following expense accounts to record costs incurred that do not meet the criteria for capitalization:

Contracted services – for all demolition, construction, home inspections and related costs

Professional fees – for accounting, legal and training seminar costs

The costs of providing these program and supporting services have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

K. Income Taxes

The Organization is exempt from income taxes under Section 501(c)3 of the United States Internal Revenue Code. Therefore, no provision for income taxes is reflected in the financial statements. Contributions are deductible under section 170 of the code. The Organization is also exempt from New York State income tax under Article 7(a) of the New York State Executive Law.

L. Date of Management's Review

The Organization has evaluated events and transactions through March 1, 2019, which is the date these financial statements and related footnotes were available for release.

NOTE 2: LIQUIDITY MANAGEMENT

The Organization's financial assets available within one year of the financial statement date for general expenditure are as follows:

As of December 31,	2018	2017
Cash	\$ 393,821	\$ 360,282

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due.



**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**

To the Board of Directors
Cattaraugus County Land Bank Corporation (CCLBC)

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 **CCLBC** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 1, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **CCLBC** 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 **CCLBC** internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that may have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **CCLBC** 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bysiek CPA, PLLC

**BYSIEK CPA, PLLC
MARCH 1, 2019
OLEAN, NY 14760**

Section I – Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of ***Cattaraugus County Land Bank Corporation (CCLBC)***.
2. No significant deficiencies relating to the audit of the financial statements were reported in the 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 *Governmental Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Cattaraugus County Land Bank Corporation were disclosed during the audit as reported in the 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 *Governmental Auditing Standards*.

Section II – Audit Findings

A. Internal Control Over Financing Reporting

There were no findings related to internal control over financial reporting for the year ending December 31, 2018.

B. Compliance and Other Matters

There were no compliance findings noted for the year ending December 31, 2018.

Section III – Summary Schedule of Prior Audit Findings

A. Internal Control Over Financing Reporting

There were no findings related to internal control over financial reporting for the year ending December 31, 2017.

B. Compliance and Other Matters

There were no compliance findings noted for the year ending December 31, 2017.