



REPORT ON FINANCIAL STATEMENTS

DECEMBER 31, 2019



REPORT ON FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Cattaraugus County Land Bank Corporation (CCLBC)

We have audited the accompanying financial statements of **CCLBC** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses 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 **CCLBC** as of December 31, 2019, 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 **CCLBC** 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated March 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bysiek CPA, PLLC

BYSIEK CPA, PLLC
FEBRUARY 29, 2020
OLEAN, NY 14760

CATTARAUGUS COUNTY LAND BANK CORPORATION
STATEMENTS OF FINANCIAL POSITION

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<i>As of December 31,</i>	<u>2019</u>	<u>2018</u>
Assets		
Cash	<u>\$ 221,683</u>	<u>\$ 393,821</u>
Liabilities and Net Assets		
Liabilities		
Deferred revenue	\$ 128,291	\$ 364,640
Net assets		
Without donor restrictions	93,392	29,181
Total liabilities and net assets	<u>\$ 221,683</u>	<u>\$ 393,821</u>

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

CATTARAUGUS COUNTY LAND BANK CORPORATION
STATEMENTS OF ACTIVITIES

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<i>For the Year Ended December 31,</i>	<u>2019</u>	<u>2018</u>
Revenue		
Grants and contributions	\$ 585,192	\$ 89,414
Property sales	63,281	34,176
Miscellaneous	313	841
Total revenue	<u>648,786</u>	<u>124,432</u>
Expenses		
Program services	523,991	80,473
Management and general	60,585	8,941
Total expenses	<u>584,575</u>	<u>89,414</u>
Change in net assets	64,211	35,017
Net assets (deficit), beginning of year	29,181	(5,836)
Net assets, end of year	<u>\$ 93,392</u>	<u>\$ 29,181</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,

	2019			2018
	Program Services	Management and General	Total	Total
Demolition and rehab	\$ 428,971	\$ -	\$ 428,971	\$ 79,820
Contracted services	56,268	56,268	112,537	-
Professional fees	-	4,316	4,316	8,616
Utilities	553	-	553	-
Insurance	38,198	-	38,198	979
Total expenses	<u>\$ 523,991</u>	<u>\$ 60,585</u>	<u>\$ 584,575</u>	<u>\$ 89,414</u>

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

<i>For the Year Ended December 31,</i>	2019	2018
Cash flows from operating activities:		
Receipts		
Grants and contributions	\$ 348,843	\$ 291,271
Property sales	63,281	34,176
Miscellaneous	313	841
Total receipts	412,437	326,289
Payments		
Demolition and rehab	428,971	105,725
Contracted services	112,537	-
Professional fees	4,316	8,616
Utilities	553	-
Insurance	38,198	979
Total payments	584,575	115,319
Net change in cash	(172,138)	210,969
Cash at beginning of year	393,821	182,852
Cash at end of year	\$ 221,683	\$ 393,821

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 2018 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. 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.

G. Revenue Recognition

CCLBC's grant awards constitute non-exchange transactions requiring application of the contribution accounting model, according to the provisions of ASU 2018-08. There are no conditions that contain a barrier; as such, grant revenues are recognized as unconditional contributions. Additionally, **CCLBC's** grants do not have restrictions as defined by ASC 958-605-45-4 and have thus been recorded as increases in net assets without donor restrictions. Amounts unspent are reported in the statement of financial position as deferred revenue, which amounted to approximately \$128,000 and \$364,000 as of December 31, 2019 and 2018, respectively.

H. Contingencies

CCLBC 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)

I. Expense Recognition and Reporting

CCLBC 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 – amounts paid to Cattaraugus County for the reimbursement of wages
Demolition and rehab - for all demolition, construction, rehabilitation, inspection and related costs
Professional fees – for accounting, legal and training seminar costs

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Expenses that are readily identifiable to a specific program or supporting service are charged directly to that service. Expenses attributable to more than one program or supporting service are allocated on a reasonable basis that is consistently applied. Allocated expenses include depreciation and occupancy expenses, which are allocated based on estimated usage, square footage, or employment related expenses, which when not directly related to a program, are allocated based on estimates of time and effort.

J. 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.

K. Liquidity Management

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

As of December 31,	2019	2018
Cash	\$ 221,683	\$ 393,821

L. Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

M. Subsequent Events

The Organization has evaluated events and transactions through February 29, 2020, which is the date these financial statements and related footnotes were available for release.