



REPORT ON FINANCIAL STATEMENTS

DECEMBER 31, 2020



REPORT ON FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cattaraugus County Land Bank Corporation

Report on Financial Statements

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, 2020, 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 opinions 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 obtained is sufficient and appropriate to provide a basis for our 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, 2020, 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 Summarized Comparative Information

We have previously audited *Cattaraugus County Land Bank Corporation's* 2019 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated February 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2021, on our consideration of **Cattaraugus County Land Bank 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 **Cattaraugus County Land Bank Corporation's** internal control over financial reporting and compliance.

Bysiek CPA, PLLC

**BYSIEK CPA, PLLC
MARCH 15, 2021
OLEAN, NY 14760**

CATTARAUGUS COUNTY LAND BANK CORPORATION
STATEMENTS OF FINANCIAL POSITION

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<i>As of December 31,</i>	<u>2020</u>	<u>2019</u>
Assets		
Cash	<u>\$ 256,474</u>	<u>\$ 221,683</u>
Liabilities and Net Assets		
Liabilities		
Deferred revenue	\$ 97,657	\$ 128,291
Net assets		
Without donor restrictions	158,817	93,392
Total liabilities and net assets	<u>\$ 256,474</u>	<u>\$ 221,683</u>

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

CATTARAUGUS COUNTY LAND BANK CORPORATION
STATEMENTS OF ACTIVITIES

<i>For the Year Ended December 31,</i>	<u>2020</u>	<u>2019</u>
Revenue		
Grants and contributions	\$ 555,937	\$ 585,192
Property sales	65,425	63,281
Miscellaneous	-	313
Total revenue	<u>621,362</u>	<u>648,786</u>
Expenses		
Program services	532,604	523,991
Management and general	23,333	60,585
Total expenses	<u>555,937</u>	<u>584,575</u>
Change in net assets	65,425	64,211
Net assets, beginning of year	93,392	29,181
Net assets, end of year	<u><u>\$ 158,817</u></u>	<u><u>\$ 93,392</u></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,

	2020			2019
	Program Services	Management and General	Total	Total
Demolition and rehab	\$ 488,509	\$ -	\$ 488,509	\$ 428,971
Contracted services	15,957	15,957	31,914	112,537
Professional fees	-	4,250	4,250	4,316
Office expenses	2,833	315	3,148	553
Insurance	25,305	2,812	28,116	38,198
Total expenses	<u>\$ 532,604</u>	<u>\$ 23,333</u>	<u>\$ 555,937</u>	<u>\$ 584,575</u>

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

CATTARAUGUS COUNTY LAND BANK CORPORATION
STATEMENTS OF CASH FLOWS

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For the Year Ended December 31,

Cash flows from operating activities:

	<u>2020</u>	<u>2019</u>
Receipts		
Grants and contributions	\$ 525,303	\$ 348,843
Property sales	65,425	63,281
Miscellaneous	-	313
Total receipts	<u>590,728</u>	<u>412,437</u>
Payments		
Demolition and rehab	488,509	428,971
Contracted services	31,914	112,537
Professional fees	4,250	4,316
Utilities	3,148	553
Insurance	28,116	38,198
Total payments	<u>555,937</u>	<u>584,575</u>
Net change in cash	34,791	(172,138)
Cash at beginning of year	221,683	393,821
Cash at end of year	<u>\$ 256,474</u>	<u>\$ 221,683</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 2019 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 \$98,000 and \$128,000 as of December 31, 2020 and 2019, 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,	2020	2019
Cash	\$ 256,474	\$ 221,683

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.

NOTE 2: SUBSEQUENT EVENTS

The Organization has evaluated events and transactions through March 15, 2021, the date the financial statements were available to be issued. The COVID-19 pandemic continues to have a notable impact on general economic conditions, including, temporary closures of many businesses, funding cuts, and reduced consumer giving and spending. The extent and impact of the pandemic on **CCLBC** and its operations are uncertain and cannot be reasonably estimated at this time. The Organization continues to monitor the impact of the COVID-19 outbreak and its related impact on business, financial conditions, operating results and cash flows.



**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, 2020, 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 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **CCLBC'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 **CCLBC's** 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **CCLBC'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*.

CCLBC's Response to Findings

CCLBC's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **CCLBC's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 15, 2021
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. One material weakness related to the audit of the financial statements was 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 **CCLBC** 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

2020-001: Financial Reporting

Condition and Criteria: Receipts and disbursements are tracked using a spreadsheet.

Effect: The Organization's existing system does not facilitate the preparation of financial statements that comply with generally accepted accounting principles.

Auditor's Recommendation: Management should begin using an accounting program such as Quickbooks to record its receipts and disbursements.

Organization's Response: The Organization will consider the cost and benefits of recording transactions using a computerized accounting system.

B. Compliance and Other Matters

There were no compliance findings noted for the year ending December 31, 2020.