



REPORT ON FINANCIAL STATEMENTS

DECEMBER 31, 2020



REPORT ON FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Chautauqua County Land Bank Corporation

Report on Financial Statements

We have audited the accompanying financial statements of *Chautauqua 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 *Chautauqua 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 *Chautauqua County Land Bank Corporation's* 2019 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated January 22, 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 January 31, 2021, on our consideration of **Chautauqua 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 **Chautauqua County Land Bank Corporation's** internal control over financial reporting and compliance.

Bysiek CPA, PLLC

**BYSIEK CPA, PLLC
JANUARY 31, 2021
OLEAN, NY 14760**

CHAUTAUQUA 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		
Current assets		
Cash and cash equivalents	\$ 364,744	\$ 367,478
Investments	507,030	500,000
Accounts receivable	21,111	-
Prepaid expenses	13,763	13,270
Total current assets	<u>906,649</u>	<u>880,748</u>
Other assets		
Properties held for sale	221,672	303,541
Total assets	<u><u>\$ 1,128,321</u></u>	<u><u>\$ 1,184,290</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 988	\$ 4,328
Performance bond deposits	128,933	148,100
Deferred revenue	-	43,525
Total current liabilities	<u>129,922</u>	<u>195,953</u>
Net assets		
Without donor restrictions	998,399	988,338
Total liabilities and net assets	<u><u>\$ 1,128,321</u></u>	<u><u>\$ 1,184,290</u></u>

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

CHAUTAUQUA COUNTY LAND BANK CORPORATION
STATEMENTS OF ACTIVITIES

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<i>For the Year Ended December 31,</i>	<u>2020</u>	<u>2019</u>
Revenue		
Grants	\$ 648,058	\$ 849,097
Property sales	227,940	183,820
Contributions	51,000	32,251
Interest income	7,030	-
Total revenue	<u>934,029</u>	<u>1,065,168</u>
Expenses		
Program services	757,604	1,009,479
Management and general	166,363	148,173
Total expenses	<u>923,966</u>	<u>1,157,652</u>
Change in net assets	10,062	(92,484)
Net assets, beginning of year	988,337	1,080,821
Net assets, end of year	<u>\$ 998,399</u>	<u>\$ 988,337</u>

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

CHAUTAUQUA COUNTY LAND BANK CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

	2020			2019
	Program services	Management and General	Total	Total
Cost of real estate sold	\$ 652,032	\$ -	\$ 652,032	\$ 908,557
Salaries and wages	77,275	77,768	155,043	150,480
Payroll taxes	6,765	5,879	12,644	12,543
Employee benefits	5,955	6,512	12,467	11,137
Professional fees	3,405	52,196	55,601	37,594
Conferences and meetings	1,217	794	2,011	6,270
Office expenses	3,451	1,238	4,689	4,428
Advertising	-	1,116	1,116	2,413
Telephone and internet	2,339	1,845	4,184	3,208
Information technology	-	15,492	15,492	14,400
Rent	5,100	-	5,100	5,100
Miscellaneous	65	3,523	3,588	1,522
	<u>\$ 757,604</u>	<u>\$ 166,363</u>	<u>\$ 923,966</u>	<u>\$ 1,157,653</u>

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

CHAUTAUQUA COUNTY LAND BANK CORPORATION
STATEMENTS OF CASH FLOWS

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<i>For the Year Ended December 31,</i>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 10,062	\$ (92,484)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Reinvested income	(7,030)	-
Changes in:		
Accounts receivable	(21,111)	54,601
Property held for resale	81,870	110,485
Prepaid expenses	(493)	(13,270)
Performance bonds payable	(19,167)	3,450
Deferred revenue	(43,525)	43,191
Accounts payable and accrued liabilities	(3,340)	4,153
Net cash provided by (used in) operating activities	<u>(2,734)</u>	<u>110,125</u>
Cash flows from investing activities:		
Purchase of investments	-	(500,000)
Net change in cash	(2,734)	(389,875)
Cash at beginning of year	367,478	757,353
Cash at end of year	<u>\$ 364,744</u>	<u>\$ 367,478</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 **Chautauqua County Land Bank Corporation (CCLBC)** was created in May of 2012 by the Chautauqua County Board of Legislators under the provisions of the New York Land Bank Act, under Section 402 of the New York Not-For-Profit Corporation Law.

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)

The fair market value of real estate held as inventory by the Corporation is not generally reflected in the Corporation's financial statements until it is sold. Generally Accepted Accounting Principles require inventory be booked at cost or fair market value, whichever is less. Costs, including those related to the acquisition, demolition and rehabilitation of properties held for resale are capitalized. These costs are reclassified as expenses once a property has been sold.

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.

H. 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 (although still labeled as grants in the financial statements). Additionally, the Corporation's grants are not restricted by time or purpose (as defined by ASC 958-605-45-4) and have been recorded increases in net assets without donor restrictions.

I. 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 (CONT)

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. Also, the organization qualifies to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 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. Tax returns remaining open for examination by governing authorities include those for the years 2016 and following.

K. Date of Management's Review

The Organization has evaluated events and transactions through January 31, 2021, which is the date these financial statements and related footnotes were available for release.

NOTE 2: PROPERTY HELD FOR RESALE

Properties held for resale are recorded by the Organization at cost, which totaled approximately \$222,000 and \$303,000 as of 2020 and 2019, respectively. All property held by the Organization is considered property held for resale and therefore no depreciation was recorded during the years ended December 31, 2020 and 2019. Properties costing approximately \$672,000 and \$909,000 were sold to third party individuals during 2020 and 2019, respectively.

NOTE 3: OPERATING LEASES

The Organization leases an office in Dunkirk, NY that was initiated in June of 2019. The lease agreement calls for monthly payments of \$425, and currently operates on a month-to-month basis. Payments on this lease totaled \$5,100 for the year ending December 31, 2020.

NOTE 4: RETIREMENT PLAN

CCLBC set up a Simple IRA in 2014 for the executive director, matching up to 3.0% of the participant's compensation each pay period. For each of the years ended December 31, 2020, the Organization made contributions to the plan totaling approximately \$2,500.

NOTE 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS

According to FASB ASC Topic 820, U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority and consist of significant unobservable inputs.

CCLBC uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments which consists of Level 1 inputs for all securities. As of December 31, 2020, the Organization owned a \$500,000 certificate of deposit at M&T Bank. The CD bears interest at an annual rate of 1.25% and is set to mature on February 27, 2021. With interest that has accrued on the CD, it had a value of \$507,030 as of December 31, 2020. The fair market value approximates the cost basis of the investment.

NOTE 6: LIQUIDITY MANAGEMENT

CCLBC regularly reviews its financial position and operations, including the liquidity required to meet general expenditures, liabilities, and obligations that may come due. General expenditures are considered to be those types of expenditures routinely incurred in operating programs and providing supporting services. The Organization has financial assets available for meeting such expenditures in 2021, including cash equivalents, investments and receivables. Such financial assets are without donor-restrictions.

As of December 31,	2020	2019
Cash	\$ 364,744	\$ 367,478
Investments	507,030	500,000
Accounts receivable	21,111	--
Total	\$ 892,885	\$ 867,478

NOTE 7: OPERATING LEASES

CCLBC rents office space from the State University of New York at Fredonia under an operating lease agreement. The terms of the lease call for monthly payments of \$425 commencing on May 1, 2016. The lease currently operates on a month-to-month basis.

NOTE 8: SUBSEQUENT EVENTS

The Organization has evaluated events and transactions through January 31, 2021, the date the financial statements were available to be issued. The outbreak of COVID-19 caused by a novel strain of the coronavirus has been recognized as a pandemic by the World Health Organization, and the outbreak continues to have a notable impact on general economic conditions, including, but not limited to, the temporary closures of many businesses, "shelter in place" and other governmental regulations, and reduced consumer spending due to both job losses and other effects attributed to the pandemic. The extent and impact of the pandemic on the Organization 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
Chautauqua 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 January 31, 2021.

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
JANUARY 31, 2021
OLEAN, NY 14760**

Section I – Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of *Chautauqua 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 Chautauqua 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, 2020.

B. Compliance and Other Matters

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

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, 2019.

B. Compliance and Other Matters

There were no compliance findings noted for the year ending December 31, 2019.