

CHAUTAUQUA COUNTY LAND BANK CORPORATION

REPORT ON FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

CHAUTAUQUA COUNTY LAND BANK CORPORATION

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statement of Net Assets	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-6
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"	7-8
Schedule of Findings and Questioned Costs	9



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Chautauqua County Land Bank Corporation
Jamestown, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the **Chautauqua County Land Bank Corporation**, which are comprised of the statement of net assets as of December 31, 2013, and the related statement of activities and cash flows for the year then ended and the notes to the financial 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 audits. We conducted our audits 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 of 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 auditors consider 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 and appropriate 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 net assets of the **Chautauqua County Land Bank Corporation** as of December 31, 2013, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2014, on our consideration of **Chautauqua County Land Bank Corporation's** internal control over financial reporting and 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 **Chautauqua County Land Bank Corporation's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Jamestown, New York
March 12, 2014

CHAUTAUQUA COUNTY LAND BANK CORPORATION
STATEMENT OF NET ASSETS

Page 2

As of December 31, 2013

Assets		
Current		
Cash		\$ 41,169
Total current assets		<u>41,169</u>
Real property held for resale		<u>338,503</u>
Total assets		<u><u>\$ 379,672</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable		\$ 1,200
Total current liabilities		<u>1,200</u>
Total liabilities		<u>1,200</u>
Net assets		
Unrestricted - capital assets		338,503
Unrestricted		<u>39,969</u>
Total net assets		<u>378,472</u>
Total liabilities and net assets		<u><u>\$ 379,672</u></u>

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

CHAUTAUQUA COUNTY LAND BANK CORPORATION
STATEMENT OF ACTIVITIES

Page 3

For the year ended December 31, 2013

Support and revenue

Grant Income	\$	37,000
Loss on sale of property		(6,899)
Non-cash contributions of real property from Chautauqua County		379,502
Interest income		6

Total support and revenue 409,609

Program expenses

Legal and professional		6,481
Meetings		627
Office expenses		215
Repairs and maintenance		11,623
Property taxes		5,598
Utilities		985
Advertising		3,667
Insurance		1,908
Miscellaneous		33

Total program expenses 31,137

Increase in unrestricted net assets **378,472**

Net assets, beginning of year --

Net assets, end of year \$ 378,472

CHAUTAUQUA COUNTY LAND BANK CORPORATION
STATEMENT OF CASH FLOWS

Page 4

For the year ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Grant Income	\$	37,000
Cash paid to vendors		(29,937)
Interest received		6

Net cash provided by operating activities 7,069

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of real property		34,100
-------------------------------------	--	--------

Net cash used in investing activities 34,100

Net change in cash 41,169

Cash, beginning balance --

Cash, ending balance \$ 41,169

Reconciliation of change in net assets to net cash provided by operating activities:

Change in net assets	\$	378,472
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-cash contributions of real property		(379,502)
Loss on sale of real property		6,899
Change in operating assets and liabilities:		
Accounts payable		1,200

Net cash provided by operating activities \$ 7,069

CHAUTAUQUA COUNTY LAND BANK CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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* (the Corporation) was created in May of 2012 by the Chautauqua County Board of Legislators under the provisions of the 1973 Laws of New York State. The Corporation is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements of the *Chautauqua County Land Bank Corporation* have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification Topic No. 958, Financial Statements of Not-For-Profit Organizations. Under Topic 958, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Corporation had no temporarily or permanently restricted net assets as of December 31, 2013.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Assets held for resale are not depreciated.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those results.

NOTE 2 - PROPERTY AND EQUIPMENT

During the year ended December 31, 2013 the Corporation received real property previously owned by Chautauqua County. These properties were recorded by the Corporation at their estimated fair market value which totaled \$338,503 as of December 31, 2013. All real property held by the Corporation is considered real property held for resale and therefore no depreciation was recorded during the year ended December 31, 2013.

NOTE 3 - CONTRIBUTIONS

During the year ended December 31, 2013, the Corporation received title to real property with an estimated fair market value of \$379,503 from Chautauqua County. Property totaling \$41,000 was sold to third-party individuals, with the remaining \$338,503 remaining in real property held for resale.

NOTE 4 - FAIR VALUE DISCLOSURE

Certain assets of the Corporation are reported at fair value in the accompanying Statements of Net Assets. A fair value hierarchy exists that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs on the hierarchy consist of unadjusted quoted prices in active markets and have the highest priority. Level 2 inputs consist of quoted prices in active markets for similar assets or liabilities or quoted prices in inactive markets for identical or similar assets or liabilities. Level 3 inputs have the lowest priority. The Corporation uses appropriate valuation techniques based on available inputs to measure the fair value of assets and liabilities. When estimating the fair value of the real property held for resale, while management presents the market value for financial statement purposes in the aggregate, they assess them individually. The Corporation establishes the fair market value by considering independent appraisals and the real properties assessed value. The Corporation considers the real property held for resale to be Level 3 inputs.

The following table summarizes the changes in assets classified in Level 3:

Balance at beginning of year	\$	--
Non-cash contributions of real property		379,502
Sale of real property		<u>(40,999)</u>
Balance at end of year	<u>\$</u>	<u>338,503</u>

NOTE 5 - FEDERAL TAX STATUS

On January 25, 2014, the Internal Revenue Service classified *Chautauqua County Land Bank Corporation* as exempt from federal income taxes under Section 501(c) 3 of the United States Internal Revenue Code. The Organization is also exempt from New York State income tax under Article 7(a) of the New York State Executive Law. In addition, they are not considered a "private foundation" within the meaning of Section 509(a) of the Code.

The *Chautauqua County Land Bank Corporation* has assessed its filing status under the sections of the Internal Revenue Code and New York State Law referenced above and concluded that the Corporation meets the requirements to be considered a public charity. Tax returns open for examination by taxing authorities include the 2013 year.

CHAUTAUQUA COUNTY LAND BANK CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Page 6

NOTE 6 - CONTINGENCIES

The Organization 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 Corporation believes disallowances, if any, will not be material.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events were evaluated by Management through March 12, 2014, which is the date the financial statements were available to be issued.



**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
Jamestown, New York

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 ***Chautauqua County Land Bank Corporation*** as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise ***Chautauqua County Land Bank Corporation's*** basic financial statements and have issued our report thereon dated March 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ***Chautauqua County Land Bank Corporation'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ***Chautauqua County Land Bank Corporation's*** internal control. Accordingly, we do not express an opinion on the effectiveness of ***Chautauqua County Land Bank 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 Corporation'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 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 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 ***Chautauqua County Land Bank Corporation'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 that are required to be reported under *Government Auditing Standards*.

We noted other matters that we have reported to management of ***Chautauqua County Land Bank Corporation*** in a separate letter dated March 12, 2014.

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 provided 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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
March 12, 2014**

CHAUTAUQUA COUNTY LAND BANK CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

I. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of *Chautauqua County Land Bank Corporation*.
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".