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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$-</td>
</tr>
<tr>
<td>Non-cash contributions of real property</td>
<td>379,503</td>
</tr>
<tr>
<td>Sale of real property</td>
<td>(40,992)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$338,503</td>
</tr>
</tbody>
</table>

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.
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.