



**REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2019**



REPORT ON FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Allegany County Land Bank Corporation

We have audited the accompanying financial statements of *Allegany County Land Bank Corporation* 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 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 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 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 financial position of *Allegany County Land Bank Corporation* 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 Summarized Comparative Information

We have previously audited *Allegany County Land Bank Corporation's* 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated February 15, 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

ALLEGANY 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	\$ 134,415	\$ 74,105
Property held for resale	51,078	12,765
Total assets	<u>\$ 185,492</u>	<u>\$ 86,870</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 3,926	\$ 20,112
Deferred revenue	128,719	52,843
Total liabilities	<u>132,645</u>	<u>72,955</u>
Net assets		
Without donor restrictions	52,848	13,915
Total liabilities and net assets	<u>\$ 185,492</u>	<u>\$ 86,870</u>

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

For the Year Ended December 31,

	<u>2019</u>	<u>2018</u>
Support and revenue		
Grants	\$ 522,755	\$ 119,279
Property sales	3,000	1,150
Total support and revenue	<u>525,755</u>	<u>120,429</u>
Expenses		
Program services	445,117	49,470
Management and general	41,706	57,344
Total expenses	<u>486,823</u>	<u>106,814</u>
Change in net assets	38,932	13,615
Net assets, beginning of year	<u>13,915</u>	<u>300</u>
Net assets, end of year	<u>\$ 52,847</u>	<u>\$ 13,915</u>

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

ALLEGANY COUNTY LAND BANK CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

	2019			2018
	Program Services	Management and General	Total	Total
Contracted services	\$ 23,012	\$ 23,012	\$ 46,023	\$ 86,739
Cost of property sold	5,650	-	5,650	1,100
Demolition costs	158,640		158,640	5,000
Rehabilitation costs	257,815		257,815	-
Professional fees		11,152	11,152	8,404
Licenses and fees		2,115	2,115	2,715
Office expenses		5,295	5,295	2,119
Travel and conferences		133	133	737
Total	<u>\$ 445,117</u>	<u>\$ 41,706</u>	<u>\$ 486,823</u>	<u>\$ 106,814</u>

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

ALLEGANY COUNTY LAND BANK CORPORATION
STATEMENTS OF CASH FLOWS

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<i>For the Year Ended December 31,</i>	2019	2018
Cash flows from operating activities		
Grants received	\$ 598,631	\$ 117,813
Sale of properties, net	(2,650)	50
Purchase of properties	(38,312)	(12,465)
Payments for demolition and rehabilitation	(432,641)	(33,565)
Payments for contracted services	(46,023)	(86,739)
Other operating expenses	(18,694)	(13,975)
Net cash provided by operating activities	60,310	(28,881)
Cash at beginning of year	74,105	102,986
Cash at end of year	\$ 134,415	\$ 74,105

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Nature of Activities

The *Allegany County Land Bank Corporation* (the Corporation) was established in May 2016 to combat the problem of vacant and abandoned properties in Allegany County, New York and facilitate the return of vacant, abandoned and tax-delinquent properties to productive use through the use of funds and powers granted under the New York State (NYS) Community Revitalization Initiative Program (CRI) administered by the New York State Office of the Attorney General. The Corporation was formed by Allegany County within the parameters of the New York Land Bank Act, under Article 16 of the New York State Not-For-Profit Corporation Law. On April 1, 2019, the Corporation was awarded tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

B. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Thus, revenues are recognized when earned and expenses when incurred.

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 requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

F. Inventory (Properties Held for Resale)

The Organization has acquired title to several properties in Allegany County. The selling price of property held for sale is not reflected in the financial statements until it is sold. Generally Accepted Accounting Principles require inventory be booked at cost or fair market value, whichever is less. The purchase costs of properties are included as part of inventory until the properties are sold, at which time they are reclassified as cost of sales expense. Costs related to the acquisition, demolition and rehabilitation of properties held for resale are recognized as expenses when incurred.

G. Property, Plant and Equipment

Improvements and equipment purchases are capitalized and depreciation is recorded using the straight-line method.

H. 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 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CON'T)

I. Revenue Recognition

The Corporation'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 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 recorded in the statement of financial position as deferred revenue. The Corporation's grant activity to-date is summarized as follows:

Grant	Contract	Received (to-date)	Expended (2019)	Expended (to-date)	Deferred
Comprehensive Planning Implementation Group	--	\$ 10,000	\$ 8,825	\$ 9,500	\$ 500
NYS Attorney General	47260-0001	150,000	--	150,000	--
Local Initiatives Support Corporation	47260-0002	33,650	--	33,650	--
NYS Attorney General	47260-0003	360,000	260,248	334,543	25,547
Allegany County Budget	2019	80,000	7,985	7,985	72,015
Enterprise	CRI4	276,444	245,697	245,697	30,747
Total		\$ 910,094	\$ 522,755	\$ 781,375	\$ 128,719

J. Contingencies

Allegany County Land Bank Corporation's grants are subject to audit by agencies of the state. Such audits may result in disallowances and a return of funds. The Organization believes disallowances, if any, will not be material.

K. Functional Expenses

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.

L. Income Taxes

The Internal Revenue Service has classified **Allegany County Land Bank Corporation** as exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. The Corporation will file its first tax return for the year ending December 31, 2019. This return will remain open for examination for the next three years.

M. Subsequent Events

The Corporation has evaluated events and transactions through February 29, 2020, which is the date that the accompanying financial statements were available to be issued.