



**REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2020**



REPORT ON FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Allegany County Land Bank Corporation

Report on Financial Statements

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, 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 *Allegany 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 *Allegany 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 ***Allegany 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 ***Allegany County Land Bank Corporation's*** internal control over financial reporting and compliance.

Bysiek CPA, PLLC

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

ALLEGANY 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	\$ 128,388	\$ 134,415
Property held for resale	355,436	467,533
Total assets	<u>\$ 483,824</u>	<u>\$ 601,947</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 909	\$ 3,926
Deferred revenue	86,345	128,719
Total liabilities	<u>87,253</u>	<u>132,645</u>
Net assets		
Without donor restrictions	396,570	469,303
Total liabilities and net assets	<u>\$ 483,824</u>	<u>\$ 601,947</u>

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

For the Year Ended December 31,

	2020	2019
Support and revenue		
Grants	\$ 309,082	\$ 522,755
Property sales	176,100	3,000
Total support and revenue	485,182	525,755
Expenses		
Program services	495,655	28,662
Management and general	62,259	41,706
Total expenses	557,914	70,368
Change in net assets	(72,732)	455,388
Net assets, beginning of year	469,303	13,915
Net assets, end of year	\$ 396,570	\$ 469,303

ALLEGANY 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 property sold	\$ 466,970	\$ -	\$ 466,970	\$ 5,650
Contracted services	28,686	28,686	57,371	46,023
Professional fees		28,448	28,448	11,152
Licenses and fees		2,236	2,236	2,115
Office expenses		2,889	2,889	5,295
Travel and conferences		-	-	133
Total expenses	\$ 495,655	\$ 62,259	\$ 557,914	\$ 70,368

ALLEGANY COUNTY LAND BANK CORPORATION
STATEMENTS OF CASH FLOWS

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<i>For the Year Ended December 31,</i>	2020	2019
Cash flows from operating activities		
Grants received	\$ 266,708	\$ 598,631
Sale of properties, net	176,100	(2,650)
Purchase of properties	(40,000)	(38,312)
Payments for demolition and rehabilitation	(314,874)	(432,642)
Payments for contracted services	(57,371)	(46,023)
Other operating expenses	(36,591)	(18,694)
Net cash provided by operating activities	(6,028)	60,310
Cash at beginning of year	134,415	74,105
Cash at end of year	\$ 128,387	\$ 134,415

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 (ACLBC)* 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, rehabilitation and demolition 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. Income Taxes

The Internal Revenue Service has classified *ACLBC* as exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. Tax returns remaining open for examination by taxing authorities include those for the years 2019 and following.

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

H. Revenue Recognition

ACLBC'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 (2020)	Expended (to-date)	Deferred
Comprehensive Planning Implementation Group	--	\$ 10,000	\$ --	\$ 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	655	334,543	24,802
Allegany County Budget	2020	80,000	14,240	22,225	57,775
Enterprise	CRI4	543,102	294,137	539,834	3,268
Total		\$ 1,176,752	\$ 309,032	\$ 1,090,407	\$ 86,345

I. 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.

J. 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.

K. Subsequent Events

Management has evaluated events and transactions through March 15, 2021, the date the financial statements were available to be issued. The outbreak of COVID-19 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, funding cuts, and reduced consumer spending due to both job losses and other effects attributed to the pandemic. The extent and impact of the pandemic on ACLBC and its operations are uncertain and cannot be reasonably estimated at this time.



**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
Allegany County Land Bank Corporation (ACLBC)

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 **ACLBC** (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 **ACLBC'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 **ACLBC'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. 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 **ACLBC'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*.

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 *Allegany 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 Allegany 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.

MANAGEMENT LETTER

To the Board of Directors:

Allegheny County Land Bank Corporation (ACLBC)

We have audited the financial statements of **ACLBC** for the year ended December 31, 2020 and have issued our report thereon dated March 15, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated December 19, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. We performed the audit according to the planned scope and timing previously communicated in our discussion with management.

Accounting Policies, Estimates and Disclosures

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise you about the appropriateness of accounting policies and their application. The significant accounting policies used by **ACLBC** are described in Note 1 to the financial statements. The Corporation adopted the provisions of ASU 2018-08 with respect to revenue recognition for contributions during the year ended December 31, 2020. We did not note any transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. A thorough review of the note disclosures is important to fully understand the recorded balances in the financial statements.

Reporting on Internal Controls

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

The following include other observations and suggestions that we have made as part of our audit:

- 1) As the Land Bank's activity level increases, it will be imperative to continue maintaining an accurate and up-to-date subsidiary ledger of properties held for sale. Detailed information should be available for each property that includes initial purchase cost, along with any capitalized demolition and construction costs. Totals for each category of cost should be maintained on a per-property basis, and the total of this subsidiary ledger should be reconciled with the related control accounts on the general ledger.
- 2) The amount of deferred revenue in the general ledger should agree to the unexpended portion of available grants.

Other Reporting Required by NYS Public Authorities Law

In connection with our audit, nothing came to our attention that caused us to believe the Land Bank failed to comply with the New York State Comptroller's Investment Guidelines or §2925 of the New York State Public Authorities Law.

Other Notes

- Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The adjusting journal entries we proposed as part of our audit have been reviewed and accepted by management.
- We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as auditors.
- We have requested certain representations from management that are included in the management representation letter dated March 15, 2021.
- To our knowledge, there were no consultations with other accountants regarding the audit.
- We did not have any disagreements with management regarding accounting principles.

Bysiek CPA, PLLC

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