

ALLEGANY COUNTY  
LAND BANK CORPORATION

Financial Statements

December 31, 2017 and 2016

(With Independent Auditors' Report Thereon)

ALLEGANY COUNTY LAND BANK CORPORATION

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 5
Financial Statements:	
Statements of Net Position	6
Statements of Revenue, Expenses and Changes in Net Position	7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 11
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 <u>Government Auditing Standards</u>	12 - 13

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Allegany County Land Bank Corporation:

### Report on the Financial Statements

We have audited the accompanying financial statements of Allegany County Land Bank Corporation (the Corporation), which comprise the statement of net position as of December 31, 2017 and 2016, and the related statements of revenue, expenses and changes in net position and cash flows for the year ended December 31, 2017 and for the period from May 23, 2016 (inception) to December 31, 2016, and the related notes to 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 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 Corporation'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 Corporation'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, 2017 and 2016, and the results of its activities and cash flows for the year ended December 31, 2017 and for the period May 23, 2016 (inception) to December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated March 29, 2018, on our consideration of the 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 the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

EFPR Group, CPAs, PLLC

Williamsville, New York  
March 29, 2018

# ALLEGANY COUNTY LAND BANK CORPORATION

## Management's Discussion and Analysis

December 31, 2017 and 2016

As management of the Allegany County Land Bank Corporation (the Corporation), we offer readers of the Allegany County Land Bank Corporation's financial statements this narrative overview and analysis of the financial activities of the Allegany County Land Bank Corporation for the year ended December 31, 2017 and for the period from May 23, 2016 (inception) to December 31, 2016.

### Financial Highlights

The assets of the Corporation exceeded its liabilities at the close of the most recent fiscal year by \$300 (net position).

The Corporation's total assets are comprised primarily of grant proceeds received from the Community Revitalization Initiatives (CRI) grant program offered through the New York State Office of the Attorney General. The New York State Office of the Attorney General awarded the Corporation two grants. The first grant, a capacity building grant, in the amount of \$150,000 with a 12-month term commencing July 15, 2016 has been received. The second grant in the amount of \$360,000 has a 24-month term commencing on May 5, 2017 through April 15, 2019. There have been no receipts or expenditures related to this grant as of December 31, 2017. The Corporation also has recorded an AmeriCorp grant through the Local Initiatives Support Corporation. See note 3 relating to grants.

The Corporation executed an administrative services agreement with ACCORD Corporation for a 12-month term where ACCORD Corporation will provide administrative services for the Corporation.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements comprise two components: 1) corporation-wide financial statements and 2) notes to financial statements.

Corporation-wide financial statements. The corporation-wide financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Corporation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

ALLEGANY COUNTY LAND BANK CORPORATION

Management's Discussion and Analysis, Continued

The statement of revenue, expenses and changes in net position presents information showing how the Corporation's net assets changed during the most recent fiscal year. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The corporation-wide financial statements can be found on pages immediately following this section.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the corporate-wide financial statements. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

Corporation-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Corporation, assets exceed liabilities by \$300 at the close of the most recent fiscal year. The Corporation's net position consists primarily of grant proceeds.

	<u>Net Position</u>	
	<u>2017</u>	<u>2016</u>
Assets	\$ 103,286	73,176
Liabilities	(102,986)	(73,176)
Total net position	\$ <u>300</u>	<u>-</u>
Operating revenue	126,987	12,354
Operating expenses	(126,687)	(12,354)
Change in net position	300	-
Net position at beginning of year/period	<u>-</u>	<u>-</u>
Net position at end of year/period	\$ <u>300</u>	<u>-</u>

Economic Factors

The main source of project funding for NYS land banks, including the Corporation, remains grant monies awarded by the NYS Office of the Attorney General through its Community Revitalization Initiative (CRI). However, grants through this initiative do not extend beyond 2019. It is unclear if future dedicated funds will be made available. The Corporation will continue to look for funding opportunities to further its mission to foster community and economic development by acquiring, holding, managing, developing and marketing distressed, vacant, abandoned and under-utilized properties. Each year, the Corporation will evaluate opportunities for investment of its resources in furthering this mission.

ALLEGANY COUNTY LAND BANK CORPORATION  
Management's Discussion and Analysis, Continued

Requests for Information

This financial report is designed to provide a general overview of the Corporation's finances for all those with an interest in the Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Allegany County Land Bank Corporation, 6087 NYS Route 19 N, Belmont, New York 14813.

ALLEGANY COUNTY LAND BANK CORPORATION  
 Statements of Net Position  
 December 31, 2017 and 2016

	<u>Assets</u>	<u>2017</u>	<u>2016</u>
Assets:			
Cash		\$ 102,986	73,176
Property held for resale		<u>300</u>	<u>-</u>
Total assets		<u>\$ 103,286</u>	<u>73,176</u>
<u>Liabilities and Net Position</u>			
Liabilities:			
Accounts payable		48,677	530
Deferred revenue		<u>54,309</u>	<u>72,646</u>
Total liabilities		102,986	73,176
Net position - unrestricted		<u>300</u>	<u>-</u>
Total net position		<u>\$ 103,286</u>	<u>73,176</u>

See accompanying notes to financial statements.

ALLEGANY COUNTY LAND BANK CORPORATION  
 Statements of Revenue, Expenses and Changes in Net Position  
 Year ended December 31, 2017 and for the  
 Period from May 23, 2016 (Inception) to December 31, 2016

	<u>2017</u>	<u>2016</u>
Operating revenue - grant income	\$ 126,987	<u>12,354</u>
Operating expenses:		
Salaries and benefits	114,739	-
Contracted services and professional fees	1,462	9,418
Fees and licenses	4,054	2,375
Office and computer	3,058	-
Advertising	1,794	285
Travel and conferences	<u>1,580</u>	<u>276</u>
Total operating expenses	<u>126,687</u>	<u>12,354</u>
Net operating income	300	-
Net position at beginning of year/period	<u>-</u>	<u>-</u>
Net position at end of year/period	<u>\$ 300</u>	<u>-</u>

See accompanying notes to financial statements.

ALLEGANY COUNTY LAND BANK CORPORATION  
 Statements of Cash Flows  
 Year ended December 31, 2017 and for the  
 Period from May 23, 2016 (Inception) to December 31, 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Grants and fees	\$ 108,650	85,000
Sale of property	(300)	-
Contractual expenses	<u>(78,540)</u>	<u>(11,824)</u>
Net cash provided by operating activities	29,810	73,176
Cash at beginning of year	<u>73,176</u>	<u>-</u>
Cash at end of year	<u>\$ 102,986</u>	<u>73,176</u>
Cash flows from operating activities:		
Net operating income	300	-
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Changes in:		
Property held for resale	(300)	-
Accounts payable	48,147	530
Deferred revenue	<u>(18,337)</u>	<u>72,646</u>
Net cash provided by operating activities	<u>\$ 29,810</u>	<u>73,176</u>

See accompanying notes to financial statements.

# ALLEGANY COUNTY LAND BANK CORPORATION

## Notes to Financial Statements

December 31, 2017 and 2016

### (1) Summary of Significant Accounting Policies

#### (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 Not-For-Profit Corporation Law.

#### (b) Revenue and Expense Recognition

The Corporation is a nonprofit corporation and is a component unit of Allegany County. The Corporation operates as a proprietary fund (a business-type activity), distinguishing operating revenue and expenses from nonoperating items. Operating revenue is mostly comprised of grant and government subsidy revenue resulting from exchange transactions associated with the principal activities of the Corporation funded through the New York State Office of the Attorney General. Operating expenses generally result from the acquisition, demolition and renovation of properties, and general and administrative expenses in accordance with the Corporation's mission. All revenue and expenses not meeting these definitions are reported as nonoperating revenue and expenses. Revenue is recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

#### (c) Basis of Accounting and Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position under the following components:

Net Investment in Capital Assets - Represents capital assets, including restricted capital assets, net of accumulated depreciation. The Corporation has no capital assets as of December 31, 2017 and 2016.

Restricted Net Position - Represents net position with constraints placed on either their use by either (1) external groups such as creditors or laws or regulations of other governments; or by (2) law through constitutional provisions or enabling legislation. The Corporation does not have amounts in restricted net position as of December 31, 2017 and 2016.

Unrestricted Net Position - Represents all other assets that do not meet the definition of net investment in capital assets or restricted net position.

## ALLEGANY COUNTY LAND BANK CORPORATION

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (c) Basis of Accounting and Presentation, Continued

It is the Corporation's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

##### (d) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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, cash includes money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

##### (f) Concentrations of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and equivalent accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

##### (g) Receivables and Bad Debts

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance for doubtful accounts based on its assessment of current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance for doubtful accounts and a credit to receivable.

##### (h) Income Taxes

The Corporation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code (IRC), therefore, no provision for income taxes is reflected in the financial statements. The Corporation has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Organization presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Corporation has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Corporation are subject to examination by taxing authorities.

##### (i) Subsequent Events

The Corporation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

ALLEGANY COUNTY LAND BANK CORPORATION

Notes to Financial Statements, Continued

(2) Property Held for Resale

In September 2017, the Corporation acquired title to two properties in Wellsville, New York for \$300. The properties were purchased by the Corporation using funds from the Community Revitalization Initiative Program.

(3) Grants

During the year ended December 31, 2017 and the period from May 23, 2016 (inception) through December 31, 2016 the Corporation's grant activity is summarized as follows:

<u>Name</u>	<u>Contract Number</u>	<u>2016</u>			<u>2017</u>			
		<u>Received</u>	<u>Expended</u>	<u>Deferred</u>	<u>Beginning</u>	<u>Received</u>	<u>Expended</u>	<u>Deferred</u>
Comprehensive Planning Implementation Group	-	\$ 10,000	-	10,000	10,000	-	-	10,000
New York State Attorney General	47260-0001	75,000	12,354	62,646	62,646	75,000	95,386	42,260
Local Initiatives Support Corp. - Americorp	47260-0002	-	-	-	-	<u>33,650</u>	<u>31,601</u>	<u>2,049</u>
		<u>\$ 85,000</u>	<u>12,354</u>	<u>72,646</u>	<u>72,646</u>	<u>108,650</u>	<u>126,987</u>	<u>54,309</u>

(4) Contingency

The Corporation has received grants which are subject to audit by New York State. Such audits may result in disallowances and a request for return of funds. The Corporation's administration believes disallowances, if any, will be immaterial.

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 GOVERNMENT AUDITING STANDARDS

The Board of Directors  
Allegany County Land Bank Corporation:

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 Allegany County Land Bank Corporation (the Corporation), which comprise the balance sheet as of December 31, 2017 and 2016 and the related statements of activities, changes in net position and cash flows for the year ended December 31, 2017 and for the period from May 23, 2016 (inception) to December 31, 2016, and the related notes to financial statements, and have issued our report thereon dated March 29, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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 the 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
March 29, 2018