

NIAGARA-ORLEANS REGIONAL LAND
IMPROVEMENT CORPORATION

Financial Statements

December 31, 2024 and 2023

(With Independent Auditors' Report Thereon)

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Niagara-Orleans Regional Land Improvement Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Niagara-Orleans Regional Land Improvement Corporation (the Corporation) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Corporation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further describes in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date of the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 28, 2025

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION
 Statements of Financial Position
 December 31, 2024 and 2023

	<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets:			
Cash		\$ 140,863	1,010,039
Accounts receivable		124,256	31,216
Property held for sale		<u>198,605</u>	<u>-</u>
Total current assets		<u>\$ 463,724</u>	<u>1,041,255</u>
	<u>Net Assets</u>		
Net assets:			
Without donor restrictions		407,170	196,165
With donor restrictions		<u>56,554</u>	<u>845,090</u>
Total net assets		<u>\$ 463,724</u>	<u>1,041,255</u>

See accompanying notes to financial statements.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Statements of Activities

Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue:		
Contributions	\$ 418,643	149,597
Property sales	1,200	85,000
Interest	5,829	4,161
Miscellaneous	-	1,215
	425,672	239,973
Total revenue		
Net assets released from donor restrictions	788,536	51,873
	1,214,208	291,846
Total revenue and support		
Expenses:		
Program expenses:		
Personal services	120,960	94,099
Legal and accounting	14,350	14,561
Advertising	2,099	730
Consulting	32,749	39,662
Closing costs	-	12,900
Demolition expenses	36,201	2,580
Property repairs	5,231	40,865
Management and general expenses:		
Insurance	29,037	1,906
Travel	4,217	5,705
Refund of grant	750,000	-
Office expense	8,359	6,947
	1,003,203	219,955
Total expenses		
Change in net assets without donor restrictions	211,005	71,891
Change in net assets with donor restrictions - net assets released from donor restrictions	(788,536)	(51,873)
Change in net assets	(577,531)	20,018
Net assets at beginning of year	1,041,255	1,021,237
Net assets at end of year	\$ 463,724	1,041,255

See accompanying notes to financial statements.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION
 Statements of Cash Flows
 Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (577,531)	20,018
Adjustments to reconcile change in net assets to net cash used in operating activities - changes in:		
Accounts receivable	(93,040)	(29,420)
Property held for sale	(198,605)	-
Prepaid expense	<u>-</u>	<u>142</u>
Net cash used in operating activities	(869,176)	(9,260)
Cash at beginning of year	<u>1,010,039</u>	<u>1,019,299</u>
Cash at end of year	<u><u>\$ 140,863</u></u>	<u><u>1,010,039</u></u>

See accompanying notes to financial statements.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Notes to Financial Statements

December 31, 2024 and 2023

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

The Niagara-Orleans Regional Land Improvement Corporation (the Corporation) was incorporated in November 2017. The Corporation was organized and operates as a not-for-profit corporation under the provisions of Article 16 of New York's Not-For-Profit Corporation Law and the Intergovernmental Cooperation Agreement by and between participating foreclosing governmental entities.

The Corporation was created by five governmental units: The County of Niagara, the County of Orleans, the City of Lockport, the City of Niagara Falls and the City of North Tonawanda. The Board of the Corporation is appointed by the five creating governmental units. The governments will make foreclosed properties available to the Corporation with remuneration being made in the future as the properties are sold, based on a profit sharing formula.

(b) Basis of Presentation

The Corporation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Corporation's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Corporation.

(c) 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.

(d) Cash

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

(e) Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash accounts in financial institutions. The Corporation maintains financial instruments at financial institutions which periodically may exceed federally insured limits. At December 31, 2024, the Corporation had no amounts in excess of federally insured limits. At December 31, 2023, the Corporation had \$768,096 in excess of the federally insured limits.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Receivables and Bad Debts

The Corporation's receivables are primarily derived from grants. At each statement of financial position date, the Corporation recognizes an expected allowance for credit losses. This estimate is calculated on a pooled basis where similar characteristics exist and individually when there are no shared characteristics.

The allowance method is derived from a review of the Corporation's historical losses based on an aging of receivables. Historical losses have been consistent. This estimate is adjusted for management's assessment of current conditions, forecasts of future events, and other factors deemed relevant risk factors. As a result, management has determined that the allowance for credit losses is adequate.

The Corporation writes off receivables when there is information that indicates that there is no possibility of collection. If any recoveries are made from any accounts receivable previously written off, they will be recognized in income. There were no write-offs for the years ended December 31, 2024 and 2023.

(g) Contributions Revenue

Revenue from restricted grants is recognized when the expenses are incurred under the terms of the grant. Amounts unspent are recorded in the statements of financial position as net assets with donor restrictions. Revenue from operating grants is generally recognized when a release from restriction occurs. These grants are subject to review and audit by various funding sources. Adjustments, if any, are recognized in the year they are known.

(h) Revenue Recognition

Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) - Revenue from Contracts with Customers, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for these goods or services. The Corporation utilizes a five-step framework as identified in ASU No. 2014-09. The primary source of revenue from contracts with customers is property sales. Those sales contain a single delivery element and revenue is recognized at a single point in the time when ownership, risks and rewards transfer. There are no related contract assets or liabilities.

(i) Allocation of Expenses

The Corporation charges expenses using the direct identification method where possible. However, certain expenses have been allocated using various methods.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Land and Property Inventory

Land and property inventory is valued at cost at the date of acquisition or at estimated fair market value at the date of donation, plus costs incurred during the rehabilitation process and recorded as property held for sale.

(k) Income Taxes

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code); 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 Corporation 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.

(l) 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.

(2) Liquidity

The Corporation had \$265,119 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$140,863 of cash and accounts receivables of \$124,256. Of these financial assets, \$56,554 are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2024 statement of financial position date.

(3) Net Assets With Donor Restrictions

The Corporation entered into an agreement with the County of Niagara for American Rescue Plan Act (ARPA) funding in the amount of \$1,000,000 as a subrecipient. The funds are to be used in accordance with requirements of federal statutes, regulations, and the terms of the federal award. Unspent proceeds of \$56,554 and \$845,090 have been included as net assets with donor restrictions on the statements of financial position at December 31, 2024 and 2023, respectively. During 2024, the Corporation refunded \$750,000 of this grant to the County of Niagara.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION
Notes to Financial Statements, Continued

(4) Commitments and Contingencies

The Corporation is subject to audits and reviews of reimbursable costs by its various governmental agencies and other funding sources. The outcome of these audits and reviews may have the effect of retroactively increasing or decreasing revenue. In the event that a subsequent audit or review determines that an adjustment is required, the amount will be recognized in the period in which it becomes fixed and determinable. Management does not expect that such adjustments, if any, will be significant.

The Corporation may take ownership of properties in distress and, as a result, the potential exists for the commitment of substantial additional costs to be incurred in order to sell the related properties.