

NIAGARA-ORLEANS REGIONAL LAND
IMPROVEMENT CORPORATION

Financial Statements

December 31, 2019 and 2018

(With Independent Auditors' Report Thereon)

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 8

* * * * *

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, 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 Niagara-Orleans Regional Land Improvement Corporation as of December 31, 2019 and 2018, 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 31, 2020

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION
 Statements of Financial Position
 December 31, 2019 and 2018

	<u>Assets</u>	<u>2019</u>	<u>2018</u>
Current assets:			
Cash - general operating		\$ 157,453	30,486
Accounts receivable		-	152
Property held for sale		<u>2</u>	<u>2,416</u>
Total current assets		<u>\$ 157,455</u>	<u>33,054</u>
<u>Liabilities and Net Assets</u>			
Current liability - deferred revenue		-	13,759
Net assets:			
Without donor restrictions		125,855	19,295
With donor restrictions		<u>31,600</u>	<u>-</u>
Total net assets		<u>157,455</u>	<u>19,295</u>
Total liabilities and net assets		<u>\$ 157,455</u>	<u>33,054</u>

See accompanying notes to financial statements.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION
 Statements of Activities
 Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue:		
Contributions	\$ 41,960	6,068
Property sales	<u>163,630</u>	<u>21,000</u>
Total revenue	<u>205,590</u>	<u>27,068</u>
Expenses:		
Program expenses:		
Cost of property sold	27,560	-
Personal services	2,603	-
Legal	14,897	-
Advertising	274	235
Consulting	28,201	-
Closing costs	19,385	4,103
Management and general expenses - insurance	<u>6,110</u>	<u>3,435</u>
Total expenses	<u>99,030</u>	<u>7,773</u>
Change in net assets without donor restrictions	106,560	19,295
Change in net assets with donor restrictions - contributions	<u>31,600</u>	<u>-</u>
Change in net assets	138,160	19,295
Net assets at beginning of year	<u>19,295</u>	<u>-</u>
Net assets at end of year	<u>\$ 157,455</u>	<u>19,295</u>

See accompanying notes to financial statements.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION
 Statements of Cash Flows
 Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 138,160	19,295
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in:		
Accounts receivable	152	(152)
Property held for sale	2,414	(2,416)
Deferred revenue	<u>(13,759)</u>	<u>13,759</u>
Net cash provided by operating activities	126,967	30,486
Cash at beginning of year	<u>30,486</u>	<u>-</u>
Cash at end of year	<u>\$ 157,453</u>	<u>30,486</u>

See accompanying notes to financial statements.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Notes to Financial Statements

December 31, 2019 and 2018

(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) 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.

(e) Allocation of Costs

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

(f) Concentrations of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash accounts in financial institutions. Although the accounts do not exceed the federally insured deposit amount.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Recent Accounting Standards Issued

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made." ASU 2018-08 provides clarification for determining if grants and contracts should be considered contributions or exchange transactions, as well as guidance for determining if a contribution is conditional. This guidance is effective for fiscal years beginning after December 15, 2018. These financial statements and notes reflect adoption of this new standard.

(h) 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.

(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.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Corporation and its future results and financial position is not presently determinable.

(j) Reclassifications

Reclassifications have been made to certain 2018 balances in order to conform them to the 2019 presentation.

(2) Liquidity

The Corporation had financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$157,453 of cash. Of these financial assets, \$31,600 are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2019 statement of financial position date.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Notes to Financial Statements, Continued

(3) Net Assets With Donor Restrictions

The Corporation entered into an agreement with Enterprise Community Partners to obtain funding in the amount of \$500,000. The funding is to be used to carry out the activities of a specific work plan. Unspent proceeds of \$31,600 have been included as net assets with donor restrictions on the statements of financial position.

(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.