

NIAGARA-ORLEANS REGIONAL LAND
IMPROVEMENT CORPORATION

Financial Statements

December 31, 2025 and 2024

(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, 2025 and 2024, 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 respects, the financial position of the Corporation as of December 31, 2025 and 2024, 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 described 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 that 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 27, 2026

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION
 Statements of Financial Position
 December 31, 2025 and 2024

	<u>Assets</u>	<u>2025</u>	<u>2024</u>
Current assets:			
Cash		\$ 106,790	140,863
Grants receivable		155,967	124,256
Property held for sale		<u>740,027</u>	<u>198,605</u>
Total current assets		<u>\$ 1,002,784</u>	<u>463,724</u>
	<u>Liabilities and Net Assets</u>		
Current liabilities - accounts payable		<u>11,951</u>	<u>-</u>
Net assets:			
Without donor restrictions		987,493	407,170
With donor restrictions		<u>3,340</u>	<u>56,554</u>
Total net assets		<u>990,833</u>	<u>463,724</u>
Total liabilities and net assets		<u>\$ 1,002,784</u>	<u>463,724</u>

See accompanying notes to financial statements.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Statements of Activities

Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue:		
Grants	\$ 1,109,764	418,643
Property sales	50,000	1,200
Interest	<u>1,940</u>	<u>5,829</u>
Total revenue	1,161,704	425,672
Net assets released from donor restrictions	<u>53,214</u>	<u>788,536</u>
Total revenue and support	<u>1,214,918</u>	<u>1,214,208</u>
Expenses:		
Program expenses:		
Personal services	130,272	120,960
Legal and accounting	17,620	14,350
Advertising	869	2,099
Consulting	331,668	32,749
Demolition expenses	26,381	36,201
Property repairs	87,814	5,231
Management and general expenses:		
Insurance	30,915	29,037
Travel	3,423	4,217
Office expense	5,633	8,359
Refund of grant	<u>-</u>	<u>750,000</u>
Total expenses	<u>634,595</u>	<u>1,003,203</u>
Change in net assets without donor restrictions	580,323	211,005
Change in net assets with donor restrictions - net assets released from donor restrictions	<u>(53,214)</u>	<u>(788,536)</u>
Change in net assets	527,109	(577,531)
Net assets at beginning of year	<u>463,724</u>	<u>1,041,255</u>
Net assets at end of year	<u>\$ 990,833</u>	<u>463,724</u>

See accompanying notes to financial statements.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION
 Statements of Cash Flows
 Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 527,109	(577,531)
Adjustments to reconcile change in net assets to net cash used in operating activities - changes in:		
Grants receivable	(31,711)	(93,040)
Property held for sale	(541,422)	(198,605)
Accounts payable	<u>11,951</u>	<u>-</u>
Net cash used in operating activities	(34,073)	(869,176)
Cash at beginning of year	<u>140,863</u>	<u>1,010,039</u>
Cash at end of year	<u><u>\$ 106,790</u></u>	<u><u>140,863</u></u>

See accompanying notes to financial statements.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Notes to Financial Statements

December 31, 2025 and 2024

(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 Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). 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, 2025 and 2024, the Corporation had no amounts in excess of federally insured limits.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Grant Revenue Recognition and Receivables

Revenue from restricted grants, that are reimbursements grants, is recognized when the expenses are incurred under the terms of the grant with any amounts received in advance of the expenses incurred reported as deferred revenue and any expenses incurred before receipt of the revenue is recorded as grants receivable. Revenue from operating grants is generally recognized when received as restricted revenue. These grants are subject to review and audit by various funding sources. Adjustments, if any, are recognized in the year they are known. Management has determined that no allowance for doubtful accounts is needed as of December 31, 2025 and 2024, as grants were fully received subsequent to the respective years ended.

(g) 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. These sales consist of single performance obligations and revenue is recognized at a single point in time when ownership, risks and rewards transfer. There are no related contract assets or liabilities.

(h) Allocation of Expenses

The costs of providing various program and supporting services and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated amongst the program and supporting services benefited based on direct usage and applicability.

(i) Property Held for Sale

Property held for sale (land and property) 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.

(j) 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. Form 990's filed by the Corporation are subject to examination by taxing authorities.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) 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 \$262,757 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$106,790 of cash and grants receivables of \$155,967. Of these financial assets, \$3,340 of cash is subject to donor or contractual restrictions that make these assets unavailable for general expenditure within one year of the 2025 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. During the year ended December 31, 2024, the Corporation refunded \$750,000 of this grant to the County of Niagara. Unspent proceeds of \$3,340 and \$56,554 have been included as net assets with donor restrictions on the statements of financial position at December 31, 2025 and 2024, respectively.

(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.

(5) Grant Expenditures

The Corporation is assisting in the redevelopment of certain properties in multiple municipalities within its localities, that the Corporation does not own, by using grant funding to secure the properties, conduct environmental reviews, obtain structural analysis and complete repairs that are a safety concern. These grant expenditures are included on the statements of activities within the applicable program expense categories.