

CHEMUNG COUNTY PROPERTY
DEVELOPMENT CORPORATION

Financial Statements

December 31, 2017

(With Independent Auditors' Report Thereon)

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Chemung County Property Development Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Chemung County Property Development Corporation (the Corporation), which comprise the statement of net position and the related statements of activities and cash flows as of and for the year ended December 31, 2017, 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 audit. We conducted our audit 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 Chemung County Property Development Corporation as of December 31, 2017, and the results of its activities and cash flows for the year then ended, 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 and 4 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
May 18, 2018

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION

Management's Discussion and Analysis

December 31, 2017

As management of the Chemung County Property Development Corporation (the Corporation), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Corporation for the year ended December 31, 2017.

Financial Highlights

The assets of the Corporation exceeded its liabilities at the close of the most recent fiscal year by \$28 (net position).

The Corporation's total assets are comprised primarily of a grant awarded by the Local Initiatives Support Corporation in the amount of \$893,100, which has not yet been requested.

The Corporation executed an administrative services agreement with Arbor Housing and Development for a 12-month term where Arbor Housing and Development 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.

The statement of activities presents information showing how the Corporation's net position 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.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION

Management’s Discussion and Analysis, Continued

The notes to financial statements 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 \$28 at the close of the most recent fiscal year. The Corporation’s net position consists primarily of grant proceeds.

| <u>Net Position</u> | |
|-----------------------------------|--------------|
| Assets | \$ 30,052 |
| Liabilities | (30,024) |
| Total net position | \$ <u>28</u> |
| Operating revenue | 30,052 |
| Operating expenses | (30,024) |
| Change in net position | 28 |
| Net position at beginning of year | <u>-</u> |
| Net position at end of year | \$ <u>28</u> |

Economic Factors

The main source of project funding for New York State (NYS) land banks, including the Corporation, remains grant monies awarded by the NYS Office of the Attorney General through its Community Revitalization Initiative (CRI). Additionally, the Local Initiative Support Corporation also has provided funding to the Corporation. 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.

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: Chemung County Property Development Corporation, 26 Bridge Street, Corning, New York 14830.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION
Statement of Net Position
December 31, 2017

Assets

Assets:

| | |
|---|-------------------------|
| Cash | \$ 28 |
| Grant receivable - Local Initiative Support Corporation | <u>30,024</u> |
| Total assets | <u><u>\$ 30,052</u></u> |

Liabilities and Net Position

| | |
|------------------------------------|-------------------------|
| Liabilities - accounts payable | 30,024 |
| Net position - unrestricted | <u>28</u> |
| Total liabilities and net position | <u><u>\$ 30,052</u></u> |

See accompanying notes to financial statements.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION
Statement of Activities
Year ended December 31, 2017

| | |
|---|---------------------|
| Operating revenue: | |
| Grant income - Local Initiative Support Corporation | \$ 30,024 |
| Donations | <u>28</u> |
| Total operating revenue | <u>30,052</u> |
| Operating expenses: | |
| Management fee | 26,270 |
| Project expenditures | <u>3,754</u> |
| Total operating expenses | <u>30,024</u> |
| Net operating income | 28 |
| Net position at beginning of year | <u>-</u> |
| Net position at end of year | <u><u>\$ 28</u></u> |

See accompanying notes to financial statements.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION
Statement of Cash Flows
Year ended December 31, 2017

| | |
|--|---------------------|
| Cash flows from operating activities - donations | \$ 28 |
| Cash at beginning of year | <u>-</u> |
| Cash at end of year | <u><u>\$ 28</u></u> |
| Cash flows from operating activities: | |
| Net income | 28 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Changes in: | |
| Grant receivable | (30,024) |
| Accounts payable | <u>30,024</u> |
| Net cash provided by operating activities | <u><u>\$ 28</u></u> |

See accompanying notes to financial statements.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

The Chemung County Property Development Corporation (the Corporation) was established in December 2016 to combat the problem of vacant and abandoned properties in Chemung 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 Chemung County within the parameters of the New York Land Bank Act, under Article 16 of the New York Not-For-Profit Corporation Law. The Corporation was awarded initial funding from the Local Initiative Support Corporation in 2017.

(b) Revenue and Expense Recognition

The Corporation is a nonprofit corporation and is a component unit of Chemung 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.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Accounting and Presentation, Continued

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.

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

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) 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.

(g) 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.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) 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) Grants

The Corporation was awarded a \$893,100 grant through the Local Initiative Support Corporation in 2016. During the year ended December 31, 2017 the Corporation's grant activity is summarized as follows:

| <u>Name</u> | <u>Contract Number</u> | <u>Received</u> | <u>Expended</u> | <u>Grant Receivable</u> |
|---------------------------------------|----------------------------|-------------------|-----------------|-----------------------------|
| Local Initiatives Support Corporation | 47360-0002 | \$ <u> -</u> | <u>30,024</u> | <u>30,024</u> |