

CHEMUNG COUNTY PROPERTY
DEVELOPMENT CORPORATION

Financial Statements

December 31, 2018 and 2017

(With Independent Auditors' Report Thereon)

CHEMUNG COUNTY PROPERTY DEVELOPMENT 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 - 9

* * * * *

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 statements of financial position as of December 31, 2018 and 2017, 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 Chemung County Property Development Corporation as of December 31, 2018 and 2017, 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 26, 2019

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION
 Statements of Financial Position
 December 31, 2018 and 2017

	<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:			
Cash		\$ 255,854	28
Receivables:			
Grant		-	30,024
Other		<u>12,500</u>	<u>-</u>
Total receivables		12,500	30,024
Prepaid expenses		<u>3,750</u>	<u>-</u>
Total assets		<u><u>\$ 272,104</u></u>	<u><u>30,052</u></u>
 <u>Liabilities and Net Assets</u> 			
Current liabilities:			
Accounts payable		18,834	30,024
Deferred revenue		<u>195,790</u>	<u>-</u>
Total current liabilities		<u>214,624</u>	<u>30,024</u>
Net assets without donor restrictions		57,480	28
Commitments and contingencies (note 5)		<u> </u>	<u> </u>
Total liabilities and net assets		<u><u>\$ 272,104</u></u>	<u><u>30,052</u></u>

See accompanying notes to financial statements.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION
 Statements of Activities
 Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue:		
Grant income	\$ 599,935	30,024
Donations	-	28
Interest income	188	-
Other revenue	13	-
Property sales	<u>53,500</u>	<u>-</u>
Total revenue	<u>653,636</u>	<u>30,052</u>
Expenses:		
Construction and demolition costs	437,002	3,754
Utilities	3,159	-
Administrative expenses	105,430	26,270
Professional services	23,785	-
General insurance	26,737	-
Travel and conferences	<u>71</u>	<u>-</u>
Total expenses	<u>596,184</u>	<u>30,024</u>
Change in net assets without donor restrictions	57,452	28
Net assets without donor restrictions at beginning of year	<u>28</u>	<u>-</u>
Net assets without donor restrictions at end of year	<u><u>\$ 57,480</u></u>	<u><u>28</u></u>

See accompanying notes to financial statements.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION
 Statements of Cash Flows
 Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets without donor restrictions	\$ 57,452	28
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Changes in:		
Grant receivable	30,024	(30,024)
Other receivables	12,500	-
Prepaid expenses	(3,750)	-
Accounts payable	(11,190)	30,024
Deferred revenue	<u>195,790</u>	<u>-</u>
Net cash provided by operating activities	280,826	28
Cash at beginning of year	<u>28</u>	<u>-</u>
Cash at end of year	<u>\$ 280,854</u>	<u>28</u>

See accompanying notes to financial statements.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2018 and 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 the City of Elmira 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 within the parameters of the New York Land Bank Act, under Section 402 of the New York Not-For-Profit Corporation Law. The Corporation was awarded initial funding from the Local Initiative Support Corporation in 2017.

(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 and either expire by passage of time or can be fulfilled by actions of the Corporation. The Corporation had only net assets without donor restrictions in 2018 and 2017.

(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) Grant Revenue Recognition

Revenue from restricted 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. 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.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(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 exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

(g) Contributed Services and Grants

During the year ended December 31, 2018 and 2017, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the Corporation.

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

The Corporation reports donor restricted contributions as unrestricted support provided the restrictions are met in the same year the contributions are received.

Unrestricted contributions are recognized when promises are made.

(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.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Recent Accounting Standards Issued

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, “Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities.” ASU 2016-14 contains several provisions that change the presentation of and disclosures within the financial statements of a not-for-profit entity. These changes include an updated net asset classification scheme from three classes to two classes, quantitative and qualitative disclosures regarding liquidity, and a requirement to report expenses by function, nature, and an analysis showing the relationship between function and nature and the removal of the requirement for a reconciliation for statements of cash flows done on the direct basis.

This guidance is effective for fiscal years beginning after December 15, 2017. These financial statements and notes reflect adoption of this new standard.

(k) Reclassifications

Reclassifications have been made to certain 2017 balances in order to conform them to the 2018 presentation.

(2) Liquidity

The Corporation has \$268,354 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$255,854 of cash and \$12,500 of grant receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2018 statement of financial position.

(3) Grants

The Corporation was awarded a \$893,100 grant through the Local Initiative Support Corporation in 2016. During the years ended December 31, 2018 and 2017 the Corporation’s grant activity is summarized as follows:

<u>2018</u>				
<u>Name</u>	<u>Contract Number</u>	<u>Received</u>	<u>Expensed</u>	<u>Grant Receivable (Deferred)</u>
Local Initiatives Support Corporation	47360-0002	\$ <u>825,749</u>	<u>629,959</u>	<u>(195,790)</u>
<u>2017</u>				
<u>Name</u>	<u>Contract Number</u>	<u>Received</u>	<u>Expensed</u>	<u>Grant Receivable</u>
Local Initiatives Support Corporation	47360-0002	\$ <u> </u> -	<u>30,024</u>	<u>30,024</u>

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION
Notes to Financial Statements, Continued

(4) Functional Expenses

The Corporation provides services to three governmental units related to foreclosed properties. All expenses related to providing these services have been allocated to program services with the exception of certain components within administrative expense. Administrative expenses include professional services, general insurance and travel and conferences. Program expenses include construction and demolition costs and utilities. The allocation of expenses on a functional basis at December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Program services	\$ 440,161	3,754
Support services - management and general activities - administrative	<u>156,023</u>	<u>26,270</u>
	<u>\$ 596,184</u>	<u>30,024</u>

(5) 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.