

CHEMUNG COUNTY PROPERTY
DEVELOPMENT CORPORATION

Financial Statements

December 31, 2020 and 2019

(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

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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 statements of financial position as of December 31, 2020 and 2019, 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, 2020 and 2019, 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
June 7, 2021

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION
 Statements of Financial Position
 Years ended December 31, 2020 and 2019

	<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:			
Cash		\$ 215,537	277,646
Receivables		132,482	41,210
Prepaid expenses		<u>11,221</u>	<u>14,853</u>
Total assets		<u>\$ 359,240</u>	<u>333,709</u>
<u>Liabilities and Net Assets</u>			
Current liabilities - accounts payable		<u>244</u>	<u>40,768</u>
Net assets:			
Without donor restrictions		358,996	236,589
With donor restrictions		<u>-</u>	<u>56,352</u>
Total net assets		<u>358,996</u>	<u>292,941</u>
Total liabilities and net assets		<u>\$ 359,240</u>	<u>333,709</u>

See accompanying notes to financial statements.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION

Statements of Activities

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue:		
Grant income	\$ 363,695	382,018
Donations	-	17,749
Interest income	227	244
Other revenue	11,318	14,900
Sale of property	179,799	389,133
Released from restrictions	<u>56,352</u>	<u>-</u>
Total revenue	<u>611,391</u>	<u>804,044</u>
Expenses:		
Construction and demolition costs	301,160	459,056
Utilities	5,133	3,126
Administrative expenses	137,641	109,775
Professional services	13,878	17,685
General insurance	31,130	34,461
Travel and conferences	<u>42</u>	<u>832</u>
Total expenses	<u>488,984</u>	<u>624,935</u>
Change in net assets without donor restrictions	<u>122,407</u>	<u>179,109</u>
Change in net assets with donor restrictions:		
Restricted contributions	-	56,352
Released from restrictions	<u>(56,352)</u>	<u>-</u>
Change in net assets with donor restrictions	<u>(56,352)</u>	<u>56,352</u>
Change in net assets	66,055	235,461
Net assets at beginning of year	<u>292,941</u>	<u>57,480</u>
Net assets at end of year	<u><u>\$ 358,996</u></u>	<u><u>292,941</u></u>

See accompanying notes to financial statements.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION
 Statements of Cash Flows
 Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 66,055	235,461
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities - changes in:		
Receivables	(91,272)	(28,710)
Prepaid expenses	3,632	(11,103)
Accounts payable	(40,524)	21,934
Deferred revenue	<u>-</u>	<u>(195,790)</u>
Net cash provided by (used in) operating activities	(62,109)	21,792
Cash at beginning of year	<u>277,646</u>	<u>255,854</u>
Cash at end of year	<u><u>\$ 215,537</u></u>	<u><u>277,646</u></u>

See accompanying notes to financial statements.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2020 and 2019

(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 Accounting

The accompanying financial statements of the Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) 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.

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

(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.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Receivables and Bad Debts

Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

(h) 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.

(i) Contributed Services and Grants

During the years ended December 31, 2020 and 2019, 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.

(j) 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

(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.

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.

(2) Liquidity

The Corporation has \$348,019 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$215,537 of cash and \$132,482 of 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 2020 statement of financial position.

(3) Net Assets With Donor Restrictions

The Corporation entered into an agreement with Enterprise Community Partners to obtain funding in the amount of \$750,000. The funding is to be used to carry out the activities of a specific work plan. Unspent proceeds of \$56,352 have been included as net assets with donor restrictions on the statements of financial position at December 31, 2019. There are no unspent proceeds at December 31, 2020.

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 for the years ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Program services	\$ 306,293	462,182
Support services - management and general activities - administrative	<u>182,691</u>	<u>162,753</u>
	<u>\$ 488,984</u>	<u>624,935</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.