CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION

Financial Statements

December 31, 2022 and 2021

(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 Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Chemung County Property Development Corporation (the Corporation) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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, 2022 and 2021, 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 of 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 accounting 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 accounting 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 23, 2023

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION
Statements of Financial Position
Years ended December 31, 2022 and 2021

Assets	2022	2021
Current assets:		
Cash	$ 465,029	335,010
Receivables	-	25,159
Prepaid expenses	12,282	12,151
Total assets	$ 477,311	372,320
Liabilities and Net Assets		
Current liabilities - accounts payable	7,264	51
Net assets without donor restrictions	470,047	372,269
Total liabilities and net assets	$ 477,311	372,320

See accompanying notes to financial statements.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION
Statements of Activities
Years ended December 31, 2022 and 2021

	2022	2021
Revenue:		
Grant income	$ 73,000	271,076
Interest income	540	309
Other revenue	-	122
Sale of property	337,057	308,495
Total revenue	410,597	580,002
Expenses:		
Construction and demolition costs	166,540	414,700
Utilities	2,474	9,687
Administrative expenses	105,163	105,196
Professional services	12,395	10,120
General insurance	26,247	26,978
Travel and conferences	-	48
Total expenses	312,819	566,729
Change in net assets	97,778	13,273
Net assets at beginning of year	372,269	358,996
Net assets at end of year	$ 470,047	372,269

See accompanying notes to financial statements.

CHEMUNG COUNTY PROPERTY DEVELOPMENT CORPORATION

Statements of Cash Flows

Years ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 97,778	13,273
Adjustments to reconcile change in net assets to net cash provided by operating activities - changes in:		
Receivables	25,159	107,323
Prepaid expenses	(131)	(930)
Accounts payable	7,213	(193)
Net cash provided by operating activities	130,019	119,473
Cash at beginning of year	335,010	215,537
Cash at end of year	$ 465,029	335,010

See accompanying notes to financial statements.

(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. The Corporation had only net assets without donor restrictions in 2022 and 2021.

(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.

(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) 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, 2022 and 2021, 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.

(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.

(m) 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. Those sales contain a single delivery element and revenue is recognized at a single point in the time when ownership, risks and rewards transfer. There are no related contract assets or liabilities.

(2) Liquidity

The Corporation has $465,029 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2022 statement of financial position.

(3) 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, 2022 and 2021 is as follows:

	2022	2021
Program services	$ 169,014	424,387
Support services - management and general activities - administrative	143,805	142,342
	$ 312,819	566,729

(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.