NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Financial Statements

December 31, 2022 and 2021

(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, 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 aspects, 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 describes in the Auditor's 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 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, 2023

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION
Statements of Financial Position
December 31, 2022 and 2021

Assets	2022	2021
Current assets:		
Cash	$ 1,019,299	147,657
Accounts receivable	1,796	-
Prepaid expense	142	-
Total current assets	$ 1,021,237	147,657

Net Assets	2022	2021
Net assets:		
Without donor restrictions	124,274	134,024
With donor restrictions	896,963	13,633
Total net assets	$ 1,021,237	147,657

See accompanying notes to financial statements.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION
Statements of Activities
Years ended December 31, 2022 and 2021

	2022	2021
Revenue:		
Contributions	$ 134,441	61,303
Property sales	-	68,523
Miscellaneous	25	-
Total revenue	134,466	129,826
Net assets released from donor restrictions	13,633	124,225
Total revenue and support	148,099	254,051
Expenses:		
Program expenses:		
Cost of property sold	-	156,682
Personal services	88,008	10,000
Legal and accounting	6,888	7,159
Advertising	1,904	272
Consulting	9,750	25,496
Closing costs	-	8,302
Demolition expenses	-	95,453
Property repairs	47,234	23,490
Management and general expenses:		
Insurance	1,458	1,408
Travel	2,087	-
Office expense	520	-
Total expenses	157,849	328,262
Change in net assets without donor restrictions	(9,750)	(74,211)
Change in net assets with donor restrictions:		
Contributions	896,963	13,633
Net assets released from donor restrictions	(13,633)	(124,225)
Change in net assets with donor restrictions	883,330	(110,592)
Change in net assets	873,580	(184,803)
Net assets at beginning of year	147,657	332,460
Net assets at end of year	$ 1,021,237	147,657

See accompanying notes to financial statements.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Statements of Cash Flows

Years ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 873,580	(184,803)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities - changes in:		
Accounts receivable	(1,796)	-
Prepaid expense	(142)	-
Property held for sale	-	94,282
Deposit payable	-	(10,000)
Net cash provided by (used in) operating activities	871,642	(100,521)
Cash at beginning of year	147,657	248,178
Cash at end of year	$ 1,019,299	147,657

See accompanying notes to financial statements.

(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 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 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) 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.

(1) Summary of Significant Accounting Policies, Continued

(e) 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.

(f) Allocation of Expenses

The Corporation charges expenses using the direct identification method where possible. However, certain expenses have been allocated using various methods.

(g) 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 do not exceed the federally insured deposit amount.

(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.

(2) Liquidity

The Corporation had $1,021,095 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of $1,019,299 of cash and $1,796 of accounts receivable. Of these financial assets, $896,963 are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2022 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. Unspent proceeds of $896,963 have been included as net assets with donor restrictions on the statements of financial position at December 31, 2022.

The Corporation entered into an agreement with Enterprise Community Partners to obtain funding in the amount of $500,000. The funding is to be used to carry out the activities of a specific work plan. Unspent proceeds of $13,633 have been included as net assets with donor restrictions on the statements of financial position at December 31, 2021. This amount was expended during the year ended December 31, 2022.

(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.