NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION

Financial Statements

December 31, 2018

(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 Financial Statements

We have audited the accompanying financial statements of Niagara-Orleans Regional Land Improvement Corporation (the Corporation) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year 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 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 Niagara-Orleans Regional Land Improvement Corporation as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 14, 2019

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION
Statement of Financial Position
December 31, 2018

Assets		
Current assets:		
Cash	$	30,486
Accounts receivable		152
Property held for sale		2,416
Total current assets	$	33,054
Liabilities and Net Assets		
Current liability - deferred revenue		13,759
Net assets without donor restrictions		19,295
Total liabilities and net assets	$	33,054

See accompanying notes to financial statements.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION
Statement of Activities
Year ended December 31, 2018

Revenue:		
Grants	$	2,416
Contributions		3,652
Property sales		21,000
Total revenue		27,068
Expenses:		
Program expenses:		
Advertising		235
Closing costs		4,103
Management and general expenses - insurance		3,435
Total expenses		7,773
Change in net assets without donor restrictions		19,295
Net assets without donor restrictions at beginning of year		-
Net assets without donor restrictions at end of year	$	19,295

See accompanying notes to financial statements.

NIAGARA-ORLEANS REGIONAL LAND IMPROVEMENT CORPORATION
Statement of Cash Flows
Year ended December 31, 2018

Cash flows from operating activities:		
Change in net assets without donor restrictions	$	19,295
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Changes in:		
Accounts receivable		(152)
Property held for sale		(2,416)
Deferred revenue		13,759
Net cash provided by operating activities		30,486
Cash at beginning of year		-
Cash at end of year	$	30,486

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. The Corporation had only net assets without donor restrictions in 2018.

(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

Revenue from restricted grants is recognized when the expenses are incurred under the terms of the grant. Amounts unspent are recorded in the statement of financial position as deferred revenue. 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.

(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 do not exceed the federally insured deposit amount.

(1) Summary of Significant Accounting Policies, Continued

(g) 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.

(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.

(i) 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.

(2) Liquidity

The Corporation had financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of $30,486 of cash and $152 of accounts receivable. 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 date.

(3) Grants

The Corporation receives the Stabilization Trust Acquisition Program grants from the National Community Stabilization Trust, to be used for acquiring and developing properties. As part of the agreement, if the Corporation does not expend all funds by the end of 2018, the contract may extend to subsequent years. As of December 31, 2018, the Corporation has received a total of $16,175 from the grant.

(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.