

**Wayne County Regional Land
Bank Corporation**

**Financial Statements
As of December 31, 2022
Together With
Independent Auditor's Report**

**Wayne County Regional Land
Bank Corporation**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statement of Activities, Functional Expenses and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6-10



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wayne County Regional Land Bank Corporation
Lyons, NY 14489

Opinion

We have audited the accompanying financial statements of Wayne County Regional Land Bank Corporation (a nonprofit Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wayne County Regional Land Bank Corporation as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wayne County Regional Land Bank Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the 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 Wayne County Regional Land Bank Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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.

BUFFALO

501 John James Audubon
Suite 390
Amherst, NY 14228
P: (716) 694-0336

COOPERSTOWN

55-57 Grove Street
Cooperstown, NY 13326
P: (607) 282-4161

ONEONTA

189 Main Street, Suite 302
Oneonta, NY 13820
P: (607) 432-3462

PERRY

199 S. Main Street, PO Box 1
Perry, NY 14530
P: (585) 237-3887

ROCHESTER

150 State Street, Suite 301 A
Rochester, NY 14614
P: (585) 410-6733

VICTOR

6536 Anthony Drive, Suite B
Victor, NY 14564
P: (585) 410-6733

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 Wayne County Regional Land Bank'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 Wayne County Regional Land Bank'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 audit.

Report on Summarized Comparative Information

We have previously audited the Wayne County Regional Land Bank Corporation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sincerely,

Allied CPAs, P.C.

Rochester, NY
March 28, 2023

WAYNE COUNTY REGIONAL LAND BANK CORPORATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31,

ASSETS

	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 1,926,496	\$ 838,990
Grants Receivable	-	500,000
Rent Receivable	5,400	-
Prepaid Expenses	4,786	5,318
	1,936,682	1,344,308
<u>PROPERTY HELD FOR DEVELOPMENT AND RESALE</u>		
	11,237	11,613
<u>PROPERTY AND EQUIPMENT</u>		
Land	25,032	25,032
Buildings	225,292	225,292
Office Equipment	1,370	1,370
	251,694	251,694
Less: Accumulated Depreciation	(13,862)	(5,396)
	237,832	246,298
TOTAL ASSETS		
	\$ 2,185,751	\$ 1,602,219
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ -	\$ 32,550
Accrued Liabilities	1,656	1,615
Deposits	551	3,000
	2,207	37,165
<u>NET ASSETS</u>		
Net Assets Without Restrictons	1,958,622	1,277,778
Net Assets With Restrictons	224,922	287,276
	2,183,544	1,565,054
TOTAL LIABILITIES AND NET ASSETS		
	\$ 2,185,751	\$ 1,602,219

The accompanying notes are an integral
part of these financial statements

WAYNE COUNTY REGIONAL LAND BANK CORPORATION
STATEMENT OF ACTIVITIES, FUNCTIONAL EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Totals For the Year Ended December 31, 2021)

	<u>2022</u>			<u>2021</u>
	Without Restrictions	With Restrictions	Total	Total
<u>SUPPORT AND REVENUE</u>				
Enterprise Grant	\$ -	\$ -	\$ -	\$ 221,638
Sale of Property Held for Development and Resale	23,252	-	23,252	7,750
County Funding	974,999	-	974,999	500,000
Rental Income	21,600	-	21,600	10,800
Miscellaneous Income	3,467	-	3,467	-
TOTAL SUPPORT AND REVENUE	<u>1,023,318</u>	<u>-</u>	<u>1,023,318</u>	<u>740,188</u>
<u>EXPENSES - Program Services</u>				
Site Demolition Costs	140,836	-	140,836	295,723
Site Engineering Costs	63,288	62,354	125,642	227,795
Salaries	62,246	-	62,246	58,950
Professional Fees	11,965	-	11,965	11,569
Payroll Taxes	5,724	-	5,724	8,676
Insurance	12,451	-	12,451	8,329
Cost of Property Sold	380	-	380	9,202
Maintenance	9,232	-	9,232	3,392
Office and Postage	458	-	458	2,028
Utilities	6,137	-	6,137	538
Depreciation	8,466	-	8,466	4,825
Website	502	-	502	217
Real Estate Taxes	10,179	-	10,179	-
TOTAL PROGRAM SERVICES	<u>331,864</u>	<u>62,354</u>	<u>394,218</u>	<u>631,244</u>
<u>EXPENSES - Management & General</u>				
Salaries	6,916	-	6,916	6,550
Dues, Fees & Subscriptions	1,075	-	1,075	1,000
Payroll Taxes	636	-	636	964
Insurance	1,663	-	1,663	945
Office & Postage	153	-	153	676
NYS Filing Fee	-	-	-	275
Website	167	-	167	72
TOTAL MANAGEMENT & GENERAL	<u>10,610</u>	<u>-</u>	<u>10,610</u>	<u>10,482</u>
Change in Net Assets	680,844	(62,354)	618,490	98,462
Net Assets - Beginning	<u>1,277,778</u>	<u>287,276</u>	<u>1,565,054</u>	<u>1,466,592</u>
Net Assets - Ending	<u>\$ 1,958,622</u>	<u>\$ 224,922</u>	<u>\$ 2,183,544</u>	<u>\$ 1,565,054</u>

The accompanying notes are an integral
part of these financial statements

WAYNE COUNTY REGIONAL LAND BANK CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 618,490	\$ 98,462
Adjustment to Reconcile Change in Net Assets to Net Cash Flow From Operating Activities:		
Depreciation	8,466	4,825
Increase (Decrease) in:		
Grants Receivable	500,000	(428,751)
Rent Receivable	(5,400)	-
Prepaid Expenses	532	(1,581)
Property Held for Development and Sale	376	3,092
Accounts Payable	(32,550)	18,089
Accrued Liabilities	41	538
Deposits	(2,449)	2,000
NET CASH FLOW FROM OPERATING ACTIVITIES	1,087,506	(303,326)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Property and Equipment	-	(250,324)
NET CASH FLOW FROM INVESTING ACTIVITIES	-	(250,324)
Change in Cash and Cash Equivalents	1,087,506	(553,650)
Cash and Cash Equivalents - Beginning	838,990	1,392,640
Cash and Cash Equivalents - Ending	\$ 1,926,496	\$ 838,990
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid for Interest	\$ -	\$ -
Cash paid for Income Taxes	\$ -	\$ 275

The accompanying notes are an integral
part of these financial statements

WAYNE COUNTY REGIONAL LAND BANK CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1 – Nature of Activities

Wayne County Regional Land Bank Corporation (the Land Bank) is a New York nonprofit corporation formed in 2018 under the laws of the State of New York. The Land Bank was formed to combat community deterioration by facilitating the return of vacant, abandoned, tax-delinquent properties to productive use in order to eliminate the harms and liabilities caused by such properties, and to lessen the burden of government and to act in the public interest.

Note 2 – Summary of Significant Accounting Policies

Method of Accounting

The Land Bank prepares its financial statements in conformity with accounting principles generally accepted in the United States of America, which means that support and other revenues are recognized when earned rather than when received, and expenses are recorded when incurred, rather than when paid.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Land Bank considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents may, at times, exceed federally insured limits. The Land Bank has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash and equivalents.

Accounts Receivable

Grants receivable are recorded at the amount the Land Bank is entitled to and expects to collect based on the grant agreement and has not been collected as of the end of the year. Rent receivable is recorded at the amount that the Land Bank has earned but has not yet received at the end of the year.

Property Held for Development and Resale

Property held for development and resale includes various real estate parcels in the County. Such properties are typically acquired by the Land Bank for a nominal fee. Expenditures for the acquisition, renewal, betterment, and stabilization of the properties are initially capitalized within the cost of each parcel. The carrying value of the individual parcels are evaluated on a periodic basis and adjusted to the lower of cost or net estimated realizable value through property stabilization and rehabilitation costs.

Property and Equipment

Property and equipment is stated at cost or, in the case of contributed property and equipment, at estimated fair value at the date of contribution. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long donated assets must be maintained, the Land Bank reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Depreciation is provided for using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	27.5
Office equipment	7-10

Depreciation expense for the years ended December 31, 2022 and 2021 totaled \$8,466 and \$4,825, respectively.

WAYNE COUNTY REGIONAL LAND BANK CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment (continued)

At the time property and equipment is replaced, retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from their respective accounts and any gain or loss is included in changes in net assets. Expenditures for repairs and maintenance are charged to operations as incurred.

Long-Lived Assets

The Land Bank assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable by comparing the expected undiscounted future cash flows of the assets with the respective carrying amount as of the date of assessment. Should aggregate future cash flows be less than the carrying value, a write-down would be required, measured as the difference between the carrying value and the fair value of the asset. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, no impairment is recognized. No impairment of long-lived assets was recognized in 2022 or 2021.

Net Assets Without Restrictions

Increases to net assets without restrictions represent support or other revenue received by the Land Bank for the purpose of carrying out normal operations. Also included in increases to net assets without restrictions are contributions and other revenue which the donor has designated for a specific purpose that has been met in the same reporting period as the donation was received.

Net Assets With Restrictions

Net assets with restrictions represent amounts that have been donated to the Land Bank subject to donor-imposed, time and/or purpose restrictions which have not been met in the year of receipt. When a donor restriction expires, net assets with restrictions are reclassified as net assets without restrictions in the statement of activities and changes in net assets.

Revenue Recognition

Contributions and bequests are recorded in the period received or upon the receipt of an irrevocable promise to give in accordance with generally accepted accounting principles. Sales revenue is recognized upon the transfer of title of a property in an amount that reflects the consideration the Land Bank expects to receive in exchange for that property.

The Land Bank recognizes revenues from contracts using the following five-step process: 1) identify the binding arrangement with the customer, 2) identify the performance obligation(s) in the contract(s), 3) determine the transaction price, 4) allocate the transaction price to the performance obligation(s) in the contract(s), and 5) recognize revenue as the Land Bank satisfies a performance obligation. The Land Bank enters into contracts with the county government and other not for profit organizations that may include various combinations of services, which are generally capable of being distinct and accounted for as separate performance obligations. Contracts with governmental and not-for-profit organizational payers often include multiple services. Determining whether services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgement. Revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants and significant contract balances, when applicable, are deferred.

Income Taxes

The Land Bank has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. As a result, the Land Bank is not subject to Federal or New York State income taxes on revenue generated from its not-for-profit activities. However, if applicable, income from certain activities not directly related to the Land Bank's tax-exempt purpose is subject to taxation as unrelated business income.

WAYNE COUNTY REGIONAL LAND BANK CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The Land Bank classifies its expenses into functional categories of program services and management and general. Allocations of expenses to these functional categories are management's estimations based on historical and current activities of the Land Bank.

Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities that are financial instruments approximate the carrying values of such amounts.

Contributed Services

Contributed services are recorded in the financial statements to the extent that those services create or enhance a nonfinancial asset, the services received require specialized skills, or the service would typically need to be purchased if not contributed. No contributions of services were recognized in 2022 or 2021.

Reclassification of Prior Year Presentation

Certain prior period amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. The reclassification was made to appropriately report the Land Bank's fixed assets. The effects of the adjustments increased land as of December 31, 2021 by \$25,032, and buildings as of December 31, 2021 were decreased by the same amount.

Subsequent Events

The Land Bank has evaluated subsequent events and transactions for potential recognition and disclosure through March 28, 2023, the date which the financial statements were available to be issued.

Note 3 – County Funding

In September of 2019, the Land Bank received a total of \$747,712 as a subrecipient of the Wayne County, NY Community Development Block Grant (CDBG). Funds received are to be utilized in accordance with CDBG program guidelines to address slums and blighted properties in the county and, as such, are reported as net assets with donor restrictions in the accompanying statements of financial position. No additional funds were received during the year ended December 31, 2022. As of December 31, 2022 and 2021, \$224,922 and \$287,276, respectively, remain purpose restricted.

During the year ended December 31, 2021, the Land Bank received a total of \$221,638 through a resolution of the Wayne County, NY Board of Supervisors. These funds are to be used by the Land Bank for operating purposes over the first three years of operation. This resolution expired in September of 2021, and was not renewed by the Land Bank, therefore no funding was received during the year ended December 31, 2022.

In September of 2022, the Land Bank entered into an agreement with the New York Housing Trust Fund Corporation to be reimbursed in the future for up to \$150,000 for eligible expenditures incurred by the Land Bank in maintaining existing properties and conducting regular operations. The term runs for one year and expires in September of 2023. As of December 31, 2022, the Land Bank has not yet submitted any eligible expenditures for reimbursement.

WAYNE COUNTY REGIONAL LAND BANK CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 3 – County Funding (Continued)

During 2022, the Land Bank received a lump sum of the net proceeds resulting from the annual Wayne County Tax Foreclosure Real Estate Auction. The total net proceeds received was \$974,999. There were no proceeds received during 2021 from this arrangement.

Note 4 – Property Held for Development and Resale

The Land Bank has acquired various parcels of land in the County to promote future economic growth and assist in revitalization of the County. During the years ended December 31, 2022 and 2021, the Land Bank acquired properties and capitalized costs to acquire those properties including the purchase price, filing fees, and back taxes in the amount of \$3 and \$6,110, respectively. Properties costing approximately \$380 and \$9,202 were sold to third parties during 2022 and 2021, respectively.

Note 5 – Liquidity and Availability of Resources

Availability and liquidity of resources is as follows at December 31:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 1,926,496	\$ 838,990
Grants receivable	-	500,000
Total financial assets	1,926,496	1,338,990
Less financial assets unavailable to meet general expenditures		
Net assets with donor restrictions	(224,922)	(287,276)
Financial assets available to meet general expenditures over the next twelve months	\$ 1,701,574	\$ 1,051,714

Note 6 - Contingencies

In the normal course of operations the Land Bank receives grants which are subject to audit by various State and Local agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the Land Bank. While the amount of any expenditures which may be disallowed cannot be determined at this time, management expects the amount to immaterial.

Note 7 – Related Party Transactions

In July of 2021, the Land Bank entered into an operating lease agreement to rent out their property to Wayne County. Rent payments are made to the Land Bank at \$1,800 per month until June 2031. The Tenant has the option to renew the lease at the same terms and conditions for an additional five years after the expiration date. The Land Bank has the option to terminate the lease at any time during the lease term.

WAYNE COUNTY REGIONAL LAND BANK CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 7 – Related Party Transactions (Continued)

Future minimum rental payments in connection with this lease agreement for the years ended December 31 consist of the following:

<u>Year</u>	<u>Amount</u>
2023	\$ 21,600
2024	21,600
2025	21,600
2026	21,600
2027	21,600
Thereafter	<u>75,600</u>
	<u>\$ 183,600</u>