

**OLEAN LOCAL
DEVELOPMENT CORPORATION**

REPORT ON FINANCIAL STATEMENTS

***YEARS ENDED
MAY 31, 2023 AND 2022***

**OLEAN LOCAL
DEVELOPMENT CORPORATION**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Olean Local Development Corporation
Olean, New York

Opinion

We have audited the accompanying financial statements of ***Olean Local Development Corporation*** (a nonprofit organization), which comprise the statements of financial position as of May 31, 2023 and 2022, and the related statements of activities and cash flows for the years 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 ***Olean Local Development Corporation*** as of May 31, 2023 and 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ***Olean Local Development 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 ***Olean Local Development 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.

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 ***Olean Local Development Corporation's*** internal control. Accordingly, no such opinion is expressed.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 *Olean Local Development 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 audit.

Buffamante Whipple Buttafaro, P.C.

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 21, 2023

OLEAN LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

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As of May 31,	2023	2022
Assets		
Current assets:		
Cash	\$ 79,675	\$ 39,150
Notes receivable - current	39,917	39,128
Total current assets	119,592	78,278
Non-current assets:		
Notes receivable - long term	85,768	125,685
Total non-current assets	85,768	125,685
Total assets	\$ 205,360	\$ 203,963
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 1,500	\$ 1,500
Total liabilities	1,500	1,500
Net assets:		
Without donor restrictions	203,860	202,463
Total net assets	203,860	202,463
Total liabilities and net assets	\$ 205,360	\$ 203,963

OLEAN LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES

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For the years ended May 31,	2023			2022		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and revenue						
Grant income	\$ --	\$ --	\$ --	\$ 213,225	\$ --	\$ 213,225
Interest revenue	2,938	--	2,938	3,374	--	3,374
Net assets released from restrictions- satisfaction of purpose restrictions	--	--	--	1,000	(1,000)	--
Total support and revenue	2,938	--	2,938	217,599	(1,000)	216,599
Expenses						
Professional fees	1,500	--	1,500	14,725	--	14,725
Grant pass-through	--	--	--	200,000	--	200,000
Donations	--	--	--	1,000	--	1,000
Miscellaneous expenses	41	--	41	112	--	112
Total expenses	1,541	--	1,541	215,837	--	215,837
Increase (decrease) in net assets	1,397	--	1,397	1,762	(1,000)	762
Net assets, beginning of year	202,463	--	202,463	200,701	1,000	201,701
Net assets, end of year	\$ 203,860	\$ --	\$ 203,860	\$ 202,463	\$ --	\$ 202,463

See accompanying independent auditor's report and notes to financial statements.

OLEAN LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS

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<i>For the years ended May 31,</i>	2023	2022
Cash flows from operating activities:		
Change in net assets	<u>\$ 1,397</u>	<u>\$ 762</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease in accrued interest receivable	- -	1,447
Increase in accounts payable	<u>- -</u>	<u>500</u>
Total adjustments	<u>- -</u>	<u>1,947</u>
Net cash provided by operating activities	<u>1,397</u>	<u>2,709</u>
Cash flows from investing activities:		
Collections on notes receivable	<u>39,128</u>	<u>35,187</u>
Net cash provided by investing activities	<u>39,128</u>	<u>35,187</u>
Net change in cash	40,525	37,896
Cash, at beginning of year	<u>39,150</u>	<u>1,254</u>
Cash, at end of year	<u><u>\$ 79,675</u></u>	<u><u>\$ 39,150</u></u>

OLEAN LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2023 AND 2022

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NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Organization

Olean Local Development Corporation (OLDC) is dedicated to the promotion of the economic prosperity and social development of the City of Olean. Its mission includes the desire to renovate Bradner Stadium located in the City of Olean and other projects in order to facilitate growth and business around the existing location.

Basis of Accounting

OLDC maintains its financial records on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification Topic 958, Financial Statements of Not-for-profit Organizations. Under Topic 958, **Olean Local Development Corporation** is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction - net assets that are not subject to or no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction - net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Federal Tax Status

OLDC is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and from New York State income taxes under Article 7-A of the Executive Law. Therefore, no provision has been made for federal or New York State income taxes in the accompanying financial statements. In addition, OLDC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Agency other than a private foundation under Section 509 (a)(3). Tax returns for the previous three years are subject to examination by the Internal Revenue Service.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingencies. Actual results may differ from those estimates.

Functional Allocation of Expenses

All costs of the OLDC are considered program related costs.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES
(continued)

Cash

OLDC considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

Contributions, Grants and Contract Receivables

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Grant and contract receivables are carried at their estimated collectible amounts. Receivables deemed uncollectible are charged directly to expense. Trade credit is generally extended on a short- term basis, thus grant and contract receivables do not bear interest, although a finance charge may be applied to such receivables that are past due.

NOTE 2 - LIQUIDITY

As of May 31, 2023, OLDC had \$79,675 of cash available for general use. During the fiscal year ended May 31, 2021, OLDC also established a note receivable with a third party and anticipates receiving \$39,917 during the fiscal year ending May 31, 2024.

NOTE 3 - NOTE RECEIVABLE

In December 2020, the OLDC received \$200,000 of a NYS Office of Community Renewal grant (See Note 5) that was loaned to HK Olean Hotel, LLC to be utilized towards development located in Olean, New York. A corresponding note receivable was recognized by OLDC. The note has repayment terms of 2% interest over five years and the amount outstanding as of May 31 is as follows:

	<u>2023</u>	<u>2022</u>
Note receivable	\$ 125,685	\$ 164,813
Less: Note receivable – current portion	<u>(39,917)</u>	<u>\$ (39,128)</u>
Note receivable – long term portion	<u>\$ 85,768</u>	<u>\$ 125,685</u>

The aggregate amounts of notes receivable maturing in each of the next five years are as follows:

Year ending	
2024	\$ 39,917
2025	40,722
2026	41,546
2027	3,500

OLEAN LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2023 AND 2022

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NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

During the year ended May 31, 2019, OLDC received \$4,000 from the Revolving Loan fund of the City of Olean with authorization from the Office of Community Renewal (OCR) to pay for future audits. OLDC incurred costs of \$1,000 on the audit during the year ended May 31, 2022, releasing the funds from restriction. As of May 31, 2023, OLDC holds no assets with donor restrictions.

NOTE 5 – GRANT AWARD

On April 16, 2019, OLDC was awarded a \$416,000 grant from NYS Office of Community Renewal that will assist HK Olean Hotel, LLC in the development of land in the City of Olean. The grant was divided into a \$200,000 note receivable (See Note 3) and a \$200,000 grant. The remaining funds of \$16,000 were to pay consultants related to the grant process. During the year ended May 31, 2021 the OLDC received \$202,775 of the grant, of which \$200,000 was recorded as a note receivable. OLDC began receiving payments from HK Olean Hotel, LLC related to the note receivable in July 2021. The remaining \$2,775 was used to pay consultant fees. The remaining grant funds of \$213,225 were requested and received during the months of August and November 2021 of which \$200,000 was reported as grant pass-through expense and \$13,225 as professional fees on the statements of activities during the year ended May 31, 2022.

NOTE 6 – EXTERIOR HOUSING REHABILITATION LOAN PROGRAM

In January 2023, the OLDC created the Exterior Housing Rehabilitation Program (EHRLP) to provide assistance to eligible owner-occupants within the City of Olean to complete exterior home repairs. The program is designed to improve and enhance housing conditions of properties in the City's residential neighborhoods with loans up to \$10,000 available for qualified exterior home repairs. As of May 31, 2023, four loans were committed with funds being released after year end.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 21, 2023, which is the date the financial statements were available to be used.