

**OLEAN LOCAL
DEVELOPMENT CORPORATION**

REPORT ON FINANCIAL STATEMENTS

**YEARS ENDED
MAY 31, 2019 AND 2018**

**OLEAN LOCAL
DEVELOPMENT CORPORATION**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Cash Flows	4
Notes to Financial Statements	5-6

INDEPENDENT AUDITOR'S REPORT

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

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, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the 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 audits. We conducted our audits 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 entity'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 entity'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 *Olean Local Development Corporation* as of May 31, 2019 and 2018, 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.

Buffamante Whipple Buttafaro, P.C.

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 19, 2019

OLEAN LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

Page 2

As of May 31,	2019	2018
Assets		
Current assets:		
Cash	\$ 3,057	\$ 129
Total assets	\$ 3,057	\$ 129
Net Assets		
Net assets:		
Without donor restrictions	57	129
With donor restrictions	3,000	--
	3,057	129
Total liabilities and net assets	\$ 3,057	\$ 129

OLEAN LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES

<i>For the years ended May 31,</i>	2019			2018		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and revenue						
Contributions	\$ --	\$ 4,000	\$ 4,000	\$ --	\$ 12,000	\$ 12,000
Sale of merchandise	--	--	--	10	--	10
Net assets released from restrictions- satisfaction of purpose restrictions	1,000	(1,000)	--	13,000	(13,000)	--
Total support and revenue	1,000	3,000	4,000	13,010	(1,000)	12,010
Expenses						
Grant expense	--	--	--	14,315	--	14,315
Professional fees	1,000	--	1,000	1,000	--	1,000
Miscellaneous expenses	72	--	72	73	--	73
Total expenses	1,072	--	1,072	15,388	--	15,388
Increase (decrease) in net assets	(72)	3,000	2,928	(2,378)	(1,000)	(3,378)
Net assets, beginning of year	129	--	129	2,507	1,000	3,507
Net assets, end of year	\$ 57	\$ 3,000	\$ 3,057	\$ 129	\$ --	\$ 129

OLEAN LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS

Page 4

<i>For the years ended May 31,</i>	2019	2018
Cash flows from operating activities:		
Change in net assets	<u>\$ 2,928</u>	<u>\$ (3,378)</u>
Net increase (decrease) in cash	2,928	(3,378)
Cash, at beginning of year	<u>129</u>	<u>3,507</u>
Cash, at end of year	<u><u>\$ 3,057</u></u>	<u><u>\$ 129</u></u>

OLEAN LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2019 AND 2018

Page 5

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 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.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES
(continued)

Functional Allocation of Expenses

All costs of the OLDC are considered program related costs.

Cash

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

Contributions and Grants

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.

New Accounting Pronouncement

During the year ended May 31, 2019, the OLDC adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016- 14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016- 14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses in investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. Expenses reported in the statement of activities have been presented according to their functional classifications of program services, administrative and general and fundraising. Further, investment expenses have been netted against investment income. Lastly, a footnote on liquidity has been added (Note 2).

The accompanying information from the 2018 financial statements has been restated to conform to the 2019 presentation and disclosure requirements of ASU 2016-14.

NOTE 2 – LIQUIDITY

The OLDC's financial assets available for general use within one year of the balance sheet date consist of cash and cash equivalents which totaled approximately \$57 for operating expenses. OLDC has \$3,000 available to be applied against costs associated with future audits, of which \$1,000 is anticipated to be utilized during the year ending May 31, 2020.

OLEAN LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2019 AND 2018

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

During the year ended May 31, 2018 and 2017, donations were received in the amount of \$12,000 and \$1,000, respectively, to cover the costs of the purchase of a scoreboard. OLDC spent down the donations during the year ended May 31, 2018 releasing them from restriction.

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 spent \$1,000 on the audit during the year ended May 31, 2019, releasing the funds from restriction.

NOTE 4 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 19, 2019, which is the date the financial statements were available to be used.

On April 16, 2019, OLDC has been awarded a \$416,000 grant that will assist HK Olean Hotel, LLC in the development of land in the City of Olean. The grant will be split into a deferred loan and a term loan. OLDC will begin receive payments related to the term loan upon the completion of the project.