

**OLEAN LOCAL
DEVELOPMENT CORPORATION**

REPORT ON FINANCIAL STATEMENTS

**YEARS ENDED
MAY 31, 2020 AND 2019**

**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

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, 2020 and 2019, 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, 2020 and 2019, 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
August 28, 2020

OLEAN LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

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<i>As of May 31,</i>	2020	2019
Assets		
Current assets:		
Cash	\$ 1,985	\$ 3,057
Total assets	\$ 1,985	\$ 3,057
Net Assets		
Net assets:		
Without donor restrictions	(15)	57
With donor restrictions	2,000	3,000
	1,985	3,057
Total liabilities and net assets	\$ 1,985	\$ 3,057

OLEAN LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES

For the years ended May 31,	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and revenue						
Contributions	\$ --	\$ --	\$ --	\$ --	\$ 4,000	\$ 4,000
Sale of merchandise	--	--	--	--	--	--
Net assets released from restrictions- satisfaction of purpose restrictions	1,000	(1,000)	--	1,000	(1,000)	--
Total support and revenue	1,000	(1,000)	--	1,000	3,000	4,000
Expenses						
Professional fees	1,000	--	1,000	1,000	--	1,000
Miscellaneous expenses	72	--	72	72	--	72
Total expenses	1,072	--	1,072	1,072	--	1,072
Increase (decrease) in net assets	(72)	(1,000)	(1,072)	(72)	3,000	2,928
Net assets, beginning of year	57	3,000	3,057	129	--	129
Net assets, end of year	\$ (15)	\$ 2,000	\$ 1,985	\$ 57	\$ 3,000	\$ 3,057

OLEAN LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS

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<i>For the years ended May 31,</i>	2020	2019
Cash flows from operating activities:		
Change in net assets	<u>\$ (1,072)</u>	<u>\$ 2,928</u>
Net increase (decrease) in cash	(1,072)	2,928
Cash, at beginning of year	<u>3,057</u>	<u>129</u>
Cash, at end of year	<u>\$ 1,985</u>	<u>\$ 3,057</u>

OLEAN LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2020 AND 2019

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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 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.

On August 17, 2020, *Olean Local Development Corporation* received notification from the Internal Revenue Service that its tax-exempt status was automatically revoked due to failure to file timely information returns for three consecutive years. On August 28, 2020, OLDC filed for retroactive reinstatement of their tax-exempt status.

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

OLDC 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.

NOTE 2 – LIQUIDITY

As of May 31, 2020, OLDC had no financial assets available for general use. OLDC has \$2,000 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, 2021. Upon completion of the HK Olean Hotel, LLC project the OLDC will begin receiving more regular cash flows.

NOTE 3 – 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 spent \$1,000 on the audit during the year ended May 31, 2020, releasing the funds from restriction. The remaining unspent balance as of May 31, 2020 is \$2,000.

NOTE 4 – 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 will be split into a \$200,000 deferred loan (grant) and a \$200,000 loan with repayment terms of 2% over 5 years provided to HK Olean Hotel, LLC. The remaining funds are to pay consultants related to the grant process. OLDC will begin receiving payments from HK Olean Hotel, LLC related to the loan upon the completion of the project. Due to the COVID-19 pandemic, construction of the project was stopped to comply with government guidelines. This stoppage delayed the completion of the project and consequently delayed the receipt of the grant funds. The project has since resumed with an anticipated completion date in the spring of 2021. As a result, OLDC is expected to recognize grant revenue during the fiscal year ending May 31, 2021.

OLEAN LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 – PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions and as mentioned in Note 4 delayed the timing of grant funding related to the HK Olean Hotel, LLC project.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 28 2020, which is the date the financial statements were available to be used.