

KINGSTON CITY LAND BANK, INC.
Financial Statements
December 31, 2020 and 2019
(With Independent Auditors' Report Thereon)

KINGSTON CITY LAND BANK, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Kingston City Land Bank, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Kingston City Land Bank, Inc. (the Corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years 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 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 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 Kingston City Land Bank, Inc. as of December 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
July 8, 2021

KINGSTON CITY LAND BANK, INC.
 Statements of Financial Position
 December 31, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and equivalents	\$ 691,691	1,042,876
Accounts receivable	187	-
Prepaid expenses	983	-
Property held for resale	<u>99,818</u>	<u>-</u>
Total current assets	<u>792,679</u>	<u>1,042,876</u>
Property and equipment, at cost	1,234	-
Less accumulated depreciation	<u>(123)</u>	<u>-</u>
Net property and equipment	<u>1,111</u>	<u>-</u>
Total assets	<u>\$ 793,790</u>	<u>1,042,876</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	63,450	-
Deferred revenue	<u>478,336</u>	<u>1,042,613</u>
Total current liabilities	<u>541,786</u>	<u>1,042,613</u>
Net assets:		
Without donor restrictions	31,590	263
With donor restrictions	<u>220,414</u>	<u>-</u>
Total net assets	<u>252,004</u>	<u>263</u>
Commitments and contingencies (note 5)	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 793,790</u>	<u>1,042,876</u>

See accompanying notes to financial statements.

KINGSTON CITY LAND BANK, INC.

Statement of Activities

Year ended December 31, 2020

with comparative totals for 2019

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Revenue:				
Grant income	\$ 564,278	-	564,278	5,608
Contribution income	21,470	-	21,470	-
Pledge income	16,718	220,414	237,132	-
Miscellaneous income	719	-	719	263
Total revenue	<u>603,185</u>	<u>220,414</u>	<u>823,599</u>	<u>5,871</u>
Expenses:				
Materials and supplies	-	-	-	870
Office supplies	12,838	-	12,838	173
Advertising	241	-	241	3,965
Publications	55	-	55	50
Bank charges	35	-	35	-
Insurance	10,449	-	10,449	-
Professional services	31,507	-	31,507	-
Meeting expenses	140	-	140	300
Maintenance expenses	30,634	-	30,634	250
Personnel expenses	458,509	-	458,509	-
Utilities	45	-	45	-
Due diligence	25,282	-	25,282	-
Property cost	2,000	-	2,000	-
Depreciation expense	123	-	123	-
Total expenses	<u>571,858</u>	<u>-</u>	<u>571,858</u>	<u>5,608</u>
Change in net assets	31,327	220,414	251,741	263
Net assets at beginning of year	<u>263</u>	<u>-</u>	<u>263</u>	<u>-</u>
Net assets at end of year	<u>\$ 31,590</u>	<u>220,414</u>	<u>252,004</u>	<u>263</u>

See accompanying notes to financial statements.

KINGSTON CITY LAND BANK, INC.
Statement of Activities
Year ended December 31, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue:			
Grant income	\$ 5,608	-	5,608
Miscellaneous income	<u>263</u>	<u>-</u>	<u>263</u>
Total revenue	<u>5,871</u>	<u>-</u>	<u>5,871</u>
Expenses:			
Materials and supplies	870	-	870
Office supplies	173	-	173
Advertising	3,965	-	3,965
Publications	50	-	50
Meeting expenses	300	-	300
Maintenance expenses	<u>250</u>	<u>-</u>	<u>250</u>
Total expenses	<u>5,608</u>	<u>-</u>	<u>5,608</u>
Change in net assets	263	-	263
Net assets at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 263</u>	<u>-</u>	<u>263</u>

See accompanying notes to financial statements.

KINGSTON CITY LAND BANK, INC.
Statements of Cash Flows
Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 251,741	263
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	123	-
Changes in:		
Accounts receivable	(187)	-
Prepaid expenses	(983)	-
Property held for resale	(99,818)	-
Accounts payable	63,450	-
Deferred revenue	<u>(564,277)</u>	<u>1,042,613</u>
Net cash provided by (used in) operating activities	<u>(349,951)</u>	<u>1,042,876</u>
Cash flows from financing activities:		
Purchase of property and equipment	(1,234)	-
Repayment of loan payable	<u>-</u>	<u>(10,000)</u>
Net cash used in financing activities	<u>(1,234)</u>	<u>(10,000)</u>
Net change in cash	(351,185)	1,032,876
Cash at beginning of year	<u>1,042,876</u>	<u>10,000</u>
Cash at end of year	<u><u>\$ 691,691</u></u>	<u><u>1,042,876</u></u>

See accompanying notes to financial statements.

KINGSTON CITY LAND BANK, INC.

Notes to Financial Statements

December 31, 2020 and 2019

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

The Kingston City Land Bank, Inc. (the Corporation) was established in November 2018 to combat the problem of vacant and abandoned properties in Kingston, New York and facilitate the return of vacant, abandoned and tax-delinquent properties to productive use through the use of funds and powers granted under the New York State (NYS) Community Revitalization Initiative Program (CRI) administered by the New York State Office of the Attorney General. The Corporation was formed within the parameters of the New York Land Bank Act, under Section 402 of the New York Not-For-Profit Corporation Law. The Corporation was awarded initial funding from the Kingston Land Bank Fund of the Community Foundations of the Hudson Valley in 2019.

(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 and either expire by passage of time or can be fulfilled by actions of the Corporation.

(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 Recognition

Revenue from restricted grants is recognized when the expenses are incurred under the terms of the grant with any amounts received in advance of the expenses incurred reported as deferred revenue and any expenses incurred before receipt of the revenue is recorded as grants receivable. 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 exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

KINGSTON CITY LAND BANK, INC.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Contributed Services and Grants

During the years ended December 31, 2020 and 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

The Corporation reports donor restricted contributions as unrestricted support provided the restrictions are met in the same year the contributions are received.

Unrestricted contributions are recognized when promises are made.

(h) 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.

(i) 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.

(j) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Corporation and its future results and financial position is not presently determinable.

KINGSTON CITY LAND BANK, INC.
Notes to Financial Statements, Continued

(2) Liquidity

The Corporation has \$691,878 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$691,691 of cash and \$187 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 2020 statement of financial position.

(3) Functional Expenses

The Corporation provides services to the City of Kingston related to foreclosed properties. All expenses related to providing these services have been allocated to program services with the exception of certain components within administrative expense. Administrative expenses include professional services, general insurance and travel and conferences. Program expenses include construction and demolition costs and utilities. The allocation of expenses on a functional basis for the years ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Program services	\$ 98,761	-
Support services - management and general activities - administrative	<u>473,097</u>	<u>5,608</u>
	<u>\$ 571,858</u>	<u>5,608</u>

(4) Net Assets With Donor Restrictions

The Corporation entered into separate agreements with Enterprise Community Partners and the NoVo Foundation to obtain funding in the amounts of \$500,000 and \$779,850, respectively. The funding is to be used to carry out the activities of acquiring, renovating, and selling affordable homes in the City of Kingston. Net assets with donor restrictions were \$220,414 as of December 31, 2020.

(5) 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.