

FINGER LAKES REGIONAL LAND BANK CORPORATION

**(A Blended Component Unit of the County of
Seneca, New York)**

**Financial Statements as of
December 31, 2020 and 2019
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A Blended Component Unit of the County of Seneca, New York)

TABLE OF CONTENTS
December 31, 2020 and 2019

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3
FINANCIAL STATEMENTS:	
Statements of Net Position	7
Statements of Revenues, Expenses and Change in Net Position	8
Statements of Cash Flows	9
Notes to Basic Financial Statements	10
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	16

INDEPENDENT AUDITOR'S REPORT

March 18, 2021

To the Board of Directors of the
Finger Lakes Regional Land Bank Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the Finger Lakes Regional Land Bank Corporation (the Corporation), a blended component unit of the County of Seneca, New York (the County), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020 and 2019, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2021 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A Blended Component Unit of the County of Seneca, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2020 and 2019

This section of the Finger Lakes Regional Land Bank Corporation (the Corporation), a blended component unit of the County of Seneca, New York (the County) annual financial report presents discussion and analysis of the Corporation's financial performance during the fiscal years ending December 31, 2020, 2019, and 2018. Please read it in conjunction with the Corporation's financial statements and accompanying notes.

GENERAL INFORMATION

This Corporation was incorporated in November 2015 to address the problems with vacant, abandoned, or tax delinquent property in the County with the intent to return the properties to productive use.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: this section, the Management's Discussion and Analysis (MD&A) and the basic financial statements. The Corporation is a self-supporting entity and follows business-type activity reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Business-type activity statements offer short-term and long-term financial information about the activities and operations of the Corporation. This annual report consists of the financial statements and notes to those statements. The Statements of Net Position, Statements of Revenue, Expenses and Change in Net Position, the Statements of Cash Flows and related notes provide a detailed look at the specific financial activities of the Corporation and generally provide an indication of the Company's financial health. The Statements of Net Position include all of the Corporation's assets and liabilities, using the accrual basis of accounting. The Statements of Revenue, Expenses and Change in Net Position report all of the revenues and expenses during the time period indicated. The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for debt.

FINANCIAL HIGHLIGHTS

- Below are the Corporation's total net position, total current assets, total current liabilities, and current ratio at December 31, 2020, December 31, 2019, and December 31, 2018, respectively:

	2020	2019	2018
Total Net Position	\$ 20,262	\$ 50,870	\$ 109,505
Total Current Assets	\$ 310,879	\$ 447,363	\$ 219,269
Total Current Liabilities	\$ 290,617	\$ 396,493	\$ 109,764
Current Ratio	1.1	1.1	2.0

The current ratio provides an idea as to the Corporation's ability to pay back its short-term liabilities. The higher the current ratio, the healthier the company. This ratio indicates the Corporation is more than able to meet and pay its current obligations.

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A Blended Component Unit of the County of Seneca, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2020 and 2019

- Below are the Corporation's operating revenues, operating expenses and operating income at December 31, 2020, December 31, 2019 and December 31, 2018, respectively:

	2020	2019	2018
Operating Revenues	\$ 303,026	\$ 188,830	\$ 281,564
Operating Expenses	\$ 329,999	\$ 247,447	\$ 271,311
Operating Income	\$ (26,973)	\$ (58,617)	\$ 10,253

FINANCIAL ANALYSIS OF THE CORPORATION

Below is an analysis of the assets, liabilities, revenues and expenses of the Corporation.

Summary of Assets, Liabilities, and Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current assets	\$ 310,879	\$ 447,363	\$ 219,269
Current liabilities	<u>290,617</u>	<u>396,493</u>	<u>109,764</u>
Total Net position - unrestricted	<u>\$ 20,262</u>	<u>\$ 50,870</u>	<u>\$ 109,505</u>

CURRENT ASSETS

Current assets at December 31, 2018 was comprised of cash and inventory. Current assets at both December 31, 2020 and December 31, 2019 were comprised of cash, inventory, loan receivable and prepaid expenses.

INVENTORY

Properties held for sale comprise inventory. At December 31, 2020, 2019 and 2018, the Corporation owned 8 properties, 11 properties and 9 properties, respectively.

CAPITAL ASSETS

At this moment, the Corporation does not possess any capital assets.

CURRENT LIABILITIES

Current liabilities are comprised of current obligations (both accounts payable and accrued liabilities) that are due currently, or in the next 12 months as well as advances of grant and government subsidy revenue that have not yet been earned. In 2019, the Corporation borrowed on a line of credit, which had an outstanding balance of \$52,143 and \$53,889 at December 31, 2020 and 2019, respectively. In 2019, the Corporation also received a note payable in the amount of \$120,000. These amounts are due within 12 months of the financial statement date.

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A Blended Component Unit of the County of Seneca, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2020 and 2019

BUDGET

Due to the Corporation being in start-up phases of operation, budgeting has not been accurate to this point. Management believes this will improve in future years.

Summary of Revenues, Expenses, and Change in Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
OPERATING REVENUES:			
Grant and government subsidy revenue	\$ 282,326	\$ 169,839	\$ 266,564
Sale of property	16,700	9,991	6,000
In-kind revenue	<u>4,000</u>	<u>9,000</u>	<u>9,000</u>
Total operating revenues	<u>303,026</u>	<u>188,830</u>	<u>281,564</u>
OPERATING EXPENSES:			
Cost of sales	273,191	193,133	84,641
Unrealized loss on inventory	-	6,491	152,400
General and administrative expenses	499	574	-
Advertising	252	454	753
Professional services	34,282	20,368	17,487
Insurance	13,675	16,332	4,308
Miscellaneous expense	4,100	1,095	2,722
In-kind expense	<u>4,000</u>	<u>9,000</u>	<u>9,000</u>
Total operating expenses	<u>329,999</u>	<u>247,447</u>	<u>271,311</u>
OPERATING INCOME (LOSS)	<u>(26,973)</u>	<u>(58,617)</u>	<u>10,253</u>
NON-OPERATING INCOME (EXPENSE):			
Interest income	82	122	-
Interest expense	<u>(3,717)</u>	<u>(140)</u>	<u>-</u>
CHANGE IN NET POSITION	(30,608)	(58,635)	10,253
NET POSITION - beginning of year	<u>50,870</u>	<u>109,505</u>	<u>99,252</u>
NET POSITION - end of year	<u>\$ 20,262</u>	<u>\$ 50,870</u>	<u>\$ 109,505</u>

OPERATING REVENUES

Operating revenues continue to include grant revenue and in-kind revenues. The Corporation began selling properties in 2018 and 2 were sold. In 2020 and 2019, 3 and 1 properties were sold, respectively.

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A Blended Component Unit of the County of Seneca, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2020 and 2019

OPERATING EXPENSES

Operating expenses increased from 2019 to 2020 primarily due to cost of sales, including cost of maintaining properties in inventory. Operating expenses remained largely consistent from 2018 to 2019.

OPERATING RESULTS

The Corporation had an operating loss of \$26,973 for the year ended December 31, 2020 and an operating loss of \$58,617 for the year ended December 31, 2019. The increased operating income in 2020 was the result of increase grant revenue used to pay for inventory, as well as increased unrestricted revenue from property sales. The Corporation had an operating income of 10,253 in 2018. The decrease in 2019 was due to increased cost of sales and less revenue recognized.

NON-OPERATING INCOME

The Corporation received interest income on deposits and paid interest due to the issuance of short term debt in 2020 and 2019. There was no non-operating income or expenses in 2018.

FUTURE FACTORS

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

REQUEST FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Corporation's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Finger Lakes Regional Land Bank Corporation - Seneca County Department of Planning and Community Development, One DiPronio Drive, Waterloo, NY 13165.

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A Blended Component Unit of the County of Seneca, New York)

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash - unrestricted	\$ 101,377	\$ 130,085
Cash - restricted	107,990	199,983
Loan receivable	1,201	-
Inventory	100,311	103,845
Prepaid expenses	<u>-</u>	<u>13,450</u>
Total current assets	<u>310,879</u>	<u>447,363</u>
Total assets	<u>310,879</u>	<u>447,363</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	225	21,921
Accrued expenses	10,259	700
Note payable	120,000	120,000
Line of credit	52,143	53,889
Grant and government subsidy revenue advance	<u>107,990</u>	<u>199,983</u>
Total current liabilities	<u>290,617</u>	<u>396,493</u>
Total liabilities	<u>290,617</u>	<u>396,493</u>
NET POSITION		
Unrestricted	<u>20,262</u>	<u>50,870</u>
Total net position	<u>\$ 20,262</u>	<u>\$ 50,870</u>

The accompanying notes are an integral part of these statements.

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A Blended Component Unit of the County of Seneca, New York)

Statements of Revenues, Expenses and Change in Net Position
For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:		
Grant and government subsidy revenue	\$ 282,326	\$ 169,839
Sale of property	16,700	9,991
In-kind revenue	<u>4,000</u>	<u>9,000</u>
Total operating revenues	<u>303,026</u>	<u>188,830</u>
OPERATING EXPENSES:		
Cost of sales	273,191	193,133
Unrealized loss on inventory	-	6,491
General and administrative expenses	499	574
Advertising	252	454
Professional services	34,282	20,368
Insurance	13,675	16,332
Miscellaneous expense	4,100	1,095
In-kind expense	<u>4,000</u>	<u>9,000</u>
Total operating expenses	<u>329,999</u>	<u>247,447</u>
OPERATING INCOME (LOSS)	<u>(26,973)</u>	<u>(58,617)</u>
NON-OPERATING INCOME (EXPENSE):		
Interest income	82	122
Interest expense	<u>(3,717)</u>	<u>(140)</u>
CHANGE IN NET POSITION	(30,608)	(58,635)
NET POSITION - beginning of year	<u>50,870</u>	<u>109,505</u>
NET POSITION - end of year	<u>\$ 20,262</u>	<u>\$ 50,870</u>

The accompanying notes are an integral part of these statements.

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A Blended Component Unit of the County of Seneca, New York)

Statements of Cash Flows
For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grant and government subsidies	\$ 190,333	\$ 305,917
Cash received from sale of property	15,499	9,991
Cash paid for inventory	(289,578)	(233,768)
Cash paid for management fees	(499)	(574)
Cash paid for advertising	(252)	(454)
Cash paid for professional services	(27,293)	(17,668)
Cash paid for insurance	-	(29,782)
Cash paid for general and administrative expenses	<u>(2,960)</u>	<u>(1,095)</u>
Net cash from operating activities	<u>(114,750)</u>	<u>32,567</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash received from debt issuance	15,000	175,000
Cash paid for principal debt payments	(16,746)	(1,111)
Cash paid for interest on debt	<u>(4,287)</u>	<u>(140)</u>
Net cash from financing activities	<u>(6,033)</u>	<u>173,749</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received from interest	<u>82</u>	<u>122</u>
Net cash from investing activities	<u>82</u>	<u>122</u>
CHANGE IN CASH	(120,701)	206,438
CASH - beginning of year	<u>330,068</u>	<u>123,630</u>
CASH - end of year	<u>\$ 209,367</u>	<u>\$ 330,068</u>
RECONCILIATION OF CASH TO THE STATEMENTS OF NET POSITION:		
Cash - unrestricted	\$ 101,377	\$ 130,085
Cash - restricted	<u>107,990</u>	<u>199,983</u>
Total	<u>\$ 209,367</u>	<u>\$ 330,068</u>
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (26,973)	\$ (58,617)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Unrealized loss on inventory	-	6,491
Changes in:		
Loan receivable	(1,201)	-
Inventory	3,534	(14,697)
Prepaid expenses	13,450	(13,450)
Accounts payable	(21,696)	(23,938)
Accrued expenses	10,129	700
Grant and government subsidy revenue advance	<u>(91,993)</u>	<u>136,078</u>
Net cash from operating activities	<u>\$ (114,750)</u>	<u>\$ 32,567</u>

NONCASH ACTIVITIES:

The County paid \$4,000 and \$9,000, mostly comprised of legal services, salaries and benefits, to manage and operate the Corporation during the fiscal years ending December 31, 2020 and 2019. These transactions are reflected as in-kind operating revenue and operating expense.

The accompanying notes are an integral part of these statements.

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A Blended Component Unit of the County of Seneca, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

1. ORGANIZATION

The Finger Lakes Regional Land Bank Corporation (the Corporation), was formed in 2015 to address the problems of vacant, abandoned, or tax delinquent property in the County of Seneca, New York (the County), in a coordinated manner through the acquisition of real property. The mission of the Corporation is to return that property to productive use in order to strengthen the economy, improve the quality of life, and improve the financial condition of the municipalities, through the use of the powers and tools granted to land banks by New York State (NYS).

The Corporation is considered a blended component unit of the County because the Corporation has been organized as a nonprofit organization with the sole member of the Corporation being the County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial principles.

Measurement Focus and Basis of Accounting

The Corporation operates as a proprietary fund. Proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

The Corporation utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

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 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 these estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant.

Income Tax Status

The Corporation was organized as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code.

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A Blended Component Unit of the County of Seneca, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

Cash and Restricted Cash

Cash consists primarily of demand deposits. Certain amounts of cash are classified as restricted because their use is restricted by grant agreements. Restricted cash balances have been offset by grant and government subsidy revenue advances at December 31, 2020 and 2019.

Inventory

Inventory consists of vacant, abandoned, or tax delinquent property in the County purchased by the Corporation or donated by the County. Inventory is valued at the lower of cost or market. Market value is defined as estimated selling price and is based on half of assessed value for rehabilitation candidate properties, half of assessed land value for demolition candidate properties, and third-party appraisals or other methods as deemed appropriate. Cost includes but is not limited to, property purchase cost, appraisal, inspection and recording fees, renovation costs and professional services.

Prepaid Expenses

Prepaid expenses consist primarily of amounts paid for the portion of insurance policies that provide coverage for the following fiscal year.

Grant and Government Subsidy Revenue Advance

Grant advances consist of amounts of received grant and government subsidy revenue for which the definition of earned has not been met. Such amounts are reflected as a liability until the amounts are deemed earned and then recognized as revenue.

Operating and Non-Operating Revenues and Expenses

As a business-type activity, the Corporation distinguishes operating revenues and expenses from non-operating items. Operating revenues are mostly comprised of grant and government subsidy revenue resulting from exchange transactions, in-kind services, and sale of properties associated with the principal activities of the Corporation. Operating expenses generally result from the acquisition, demolition and renovation of properties, and general and administrative expenses in accordance with the Corporation's mission. All other transactions are considered non-operating activities.

Cost of Sales

At the time of sale of inventory, the book value of inventory is recognized as expense under cost of sales. Cost of sales also include expenses incurred to maintain properties held in inventory that do not meet the definition to be treated as inventory. These include, but are not limited to, property taxes, mowing, and other property maintenance costs.

Unrealized Loss on Inventory

Deterioration, damage, changing prices and other factors have caused the cost of certain inventory to exceed its market value. In accordance with GAAP, inventory has been reduced to market value and an unrealized loss has been recognized for the year ended December 31, 2019. No impairment expense was recorded for the year ended December 31, 2020.

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A Blended Component Unit of the County of Seneca, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Corporation did not have net investment in capital assets at December 31, 2020 and 2019.
- b. Restricted net position - net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Corporation did not have restricted net position at December 31, 2020 and 2019.
- c. Unrestricted net position - all other net position that does not meet the definition of net investment in capital assets or restricted net position.

It is the Corporation's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within and authorized to do business in New York State (NYS). Collateral is required for deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are those identified in NYS General Municipal Law, Section 10 and outlined in the NYS Comptroller's Financial Management Guide.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Corporation has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Corporation's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations.

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A Blended Component Unit of the County of Seneca, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Corporation's investment and deposit policy, all deposits of the Corporation including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIA) shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits.

The Corporation restricts the securities to the following eligible items:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation;
- Obligations partially insured or guaranteed by an agency of the United States of America;
- Obligations issued or fully insured or guaranteed by NYS;
- Obligations issued by a municipal corporation, school district or district corporation of NYS;
- Obligations issued by states (other than NYS) of the United States of America rated in one of the two highest rating categories by at least one Nationally Recognized Statistical Rating Organization (NRSRO).

The Corporation maintained cash balances with a financial institution insured by the FDIC up to \$250,000, for demand and non-demand accounts. At December 31, 2020 and 2019, the Corporation's deposits consisted of \$209,401 and \$330,418 in cash, respectively. At December 31, 2020, deposits of \$209,401 were fully insured by the FDIC. At December 31, 2019, deposits of \$330,334 were insured by the FDIC and \$84 was uncollateralized.

4. CONCENTRATIONS OF CREDIT RISK

The Corporation receives significant support from certain governmental entities. The primary source of funding is through grant awards funded by the New York State Office of the Attorney General, which has been administered by Local Initiatives Support Corporation (LISC) and Enterprise Community Partners Inc. (Enterprise). Funding from LISC comprised 31% and 66% of revenue for the years ended December 31, 2020 and 2019, respectively. Funding from Enterprise comprised 46% and 24% of revenue for the years ended December 31, 2020 and December 31, 2019, respectively.

5. SHORT-TERM DEBT

On September 23, 2019, the Corporation entered into an agreement for a direct borrowing with Generations Bank for a line of credit not to exceed \$70,000. The line of credit was renewed in the current year. Interest is accrued on the outstanding principal balance of the loan at The Wall Street Journal Prime Rate (Index) plus 1.00% (Variable Rate), never to be less than 6.25%. The Corporation pays monthly payments of 1/36th of the outstanding principal balance plus interest until the entire balance is due on October 1, 2021. The line of credit is secured by a first priority security interest in all assets of the Corporation.

On October 1, 2019, the Corporation entered into an agreement with the County for a note payable in the amount of \$120,000. The Corporation must pay in full due on October 1, 2020. The note payable remained outstanding at December 31, 2020, but was repaid subsequent to year end as described in footnote 8.

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A Blended Component Unit of the County of Seneca, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

Short-term debt activity for the year ended December 31, 2020 was as follows:

<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Direct Borrowing - Line of Credit:						
9/23/2019	10/1/2021	Variable	\$ 53,889	\$ 15,000	\$ (16,746)	\$ 52,143
Note Payable:						
10/1/2019	10/1/2020	0.00%	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>120,000</u>
			<u>\$ 173,889</u>	<u>\$ 15,000</u>	<u>\$ (16,746)</u>	<u>\$ 172,143</u>

Short-term debt activity for the year ended December 31, 2019 was as follows:

<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Direct Borrowing - Line of Credit:						
9/23/2019	10/1/2020	Variable	\$ -	\$ 55,000	\$ (1,111)	\$ 53,889
Note Payable:						
10/1/2019	10/1/2020	0.00%	<u>-</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
			<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ (1,111)</u>	<u>\$ 173,889</u>

Interest expense related to the line of credit is \$3,717 and \$140 for the years ended December 31, 2020 and 2019, respectively.

6. AGREEMENT WITH COUNTY OF SENECA, NEW YORK

In 2018, the Corporation entered into an agreement with the County for a period through December 31, 2020. As part of this agreement, the Corporation will conduct various neighborhood revitalization services such as promoting safe and affordable housing within the County, and revitalizing and returning to use vacant properties. In exchange, the County will provide all administrative functions necessary for the Corporation in connection with this agreement.

As part of this agreement, the Corporation agrees to reimburse the County for all reasonable expenses incurred by the County in the performance of administrative services on its behalf. The Corporation will provide the difference in salary between the County Planner position and the total salary of the CEO/President as consideration. The County agrees to invoice the Corporation on a quarterly basis. Based upon on this agreement, the County may, at its discretion, offer all or a portion of these services as an in-kind contribution of the County to the operations of the Corporation. The Corporation paid the County \$9,004 and \$8,592 for the years ended December 31, 2020 and 2019 related to these services.

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A Blended Component Unit of the County of Seneca, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

The total value of in-kind services provided by the County are \$4,000 and \$9,000 for the years ended December 31, 2020 and 2019 respectively, and are recorded as in-kind operating revenue and expenses for the years then ended.

7. COVID-19

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

8. SUBSEQUENT EVENT

On February 16, 2021, the note payable due to the County in the amount of \$120,000 was fully repaid.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

March 18, 2021

To the Board of Directors of
Finger Lakes Regional Land Bank Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Finger Lakes Regional Land Bank Corporation (the Corporation), a blended component unit of the County of Seneca, New York, (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated March 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.