

## Resolution 23-14

### Finger Lakes Regional Land Bank Corporation Board of Directors

Moved by Frank Sinicropi, Kyle Barnhart

#### RESOLUTION TO ACCEPT THE 2022 FINANCIAL STATEMENT AND AUDIT REPORT FROM BONADIO & CO., LLP

**WHEREAS**, the Audit Committee of the Corporation has had the opportunity to review the 2022 Financial Statement and Audit Report from Bonadio & Co., LLP; and

**WHEREAS**, the FLRLBC Board of Directors have been provided with the audit results and have had the opportunity to discuss at a regular meeting; and

**NOW, THEREFORE BE IT RESOLVED**, by the Finger Lakes Regional Land Bank Corporation that the 2022 Financial Statement and Audit Report are accepted as prepared by Bonadio & Co., LLP.

I, Amanda Forney, Secretary of the Finger Lakes Regional Land Bank Corporation, a corporation organized and existing under the laws of the State of New York (the "Corporation"), do hereby certify that the above is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of the Corporation duly held and convened on March 28<sup>th</sup>, 2023, at which meeting a duly constituted quorum of the Board of Directors was present and acting throughout, and that such resolution has not been modified, rescinded, or revoked, and is at present in full force and effect.

IN WITNESS THEREOF, the undersigned has affixed their signature this 28 day of March, 20 23. The Corporation has no corporate seal.

x   
Amanda Forney, Secretary

## Resolution 23-14

### Finger Lakes Regional Land Bank Corporation Board of Directors

*Moved by Frank Sinicropi, Kyle Barnhart*

#### RESOLUTION TO ACCEPT THE 2022 FINANCIAL STATEMENT AND AUDIT REPORT FROM BONADIO & CO., LLP

	Yes	Nay	Abstain	Absent
Kyle Barnhart	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ernie Brownell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jill Henry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Les Marquart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Don Northrup	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Frank Sinicropi	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Wood	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**FINGER LAKES REGIONAL LAND BANK CORPORATION**

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

**Financial Statements as of  
December 31, 2022 and 2021  
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)**

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**December 31, 2022 and 2021**

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**INDEPENDENT AUDITOR'S REPORT**

March 27, 2023

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

**Report on the Audit of the Financial Statements**

***Opinion***

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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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, 2022 and 2021, and the respective changes in its financial position and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the 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 the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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***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 and *Government 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 and *Government 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 the Corporation's internal control. Accordingly, no such opinion is expressed.
- 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 the 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.

***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 is the responsibility of management and, 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 27, 2023, 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.

Draft - Subject to Change

**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, 2022 and 2021**

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This section of the Finger Lakes Regional Land Bank Corporation's (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, 2022, 2021, and 2020. Please read it in conjunction with the Corporation's financial statements and accompanying notes.

**GENERAL INFORMATION**

The 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 Revenues, 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 Corporation'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 Revenues, 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, 2022, December 31, 2021, and December 31, 2020, respectively:

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total Net Position	\$ 40,019	\$ 97,469	\$ 20,262
Total Current Assets	\$ 94,119	\$ 203,828	\$ 310,879
Total Current Liabilities	\$ 54,100	\$ 106,359	\$ 290,617
Current Ratio	1.7	1.9	1.1

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 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, 2022 and 2021**

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- Below are the Corporation's operating revenues, operating expenses and operating income at December 31, 2022, December 31, 2021 and December 31, 2020, respectively:

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Operating Revenues	\$ 317,859	\$ 459,682	\$ 303,026
Operating Expenses	\$ 375,213	\$ 379,760	\$ 329,999
Operating Income	\$ (57,354)	\$ 79,922	\$ (26,973)

**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>2022</u>	<u>2021</u>	<u>2020</u>
Current assets	\$ 94,119	\$ 203,828	\$ 310,879
Current liabilities	<u>54,100</u>	<u>106,359</u>	<u>290,617</u>
Total net position - unrestricted	<u>\$ 40,019</u>	<u>\$ 97,469</u>	<u>\$ 20,262</u>

**CURRENT ASSETS**

Current assets at December 31, 2022 and December 31, 2021 were comprised of cash, inventory, and prepaid expenses. Current assets at December 31, 2020 also included loan receivable.

**INVENTORY**

Properties held for sale comprise inventory. At December 31, 2022, 2021 and 2020, the Corporation owned 7, 7, and 8 properties, respectively.

**CAPITAL ASSETS**

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

**CURRENT LIABILITIES**

Current liabilities are comprised of current obligations (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 \$40,996 at December 31, 2021. This outstanding balance was subsequently paid off in 2022. In 2019, the Corporation also received a note payable in the amount of \$120,000, which was subsequently paid off in 2021. No amounts were outstanding on the line of credit or note payable as of December 31, 2022.

**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, 2022 and 2021**

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**BUDGET**

Due to the Corporation being in start-up phases of operation, budgeting has not been accurate to this point. Management has created a budget for 2023, along with projections through 2025.

**Summary of Revenues, Expenses and Change in Net Position**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES:</b>			
Grant and government subsidy revenue	\$ 298,857	\$ 288,882	\$ 282,326
Sale of property	19,002	170,800	16,700
In-kind revenue	-	-	4,000
	<u>317,859</u>	<u>459,682</u>	<u>303,026</u>
<b>OPERATING EXPENSES:</b>			
Cost of sales	285,956	114,168	273,191
Unrealized loss on inventory	6,608	200,606	-
General and administrative expenses	362	314	499
Advertising	198	373	252
Professional services	66,291	52,775	34,282
Insurance	13,554	9,901	13,675
Miscellaneous expense	2,244	1,623	4,100
In-kind expense	-	-	4,000
	<u>375,213</u>	<u>379,760</u>	<u>329,999</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(57,354)</u>	<u>79,922</u>	<u>(26,973)</u>
<b>NON-OPERATING INCOME (EXPENSE):</b>			
Interest income	-	70	82
Interest expense	(96)	(2,785)	(3,717)
<b>CHANGE IN NET POSITION</b>	<u>(57,450)</u>	<u>77,207</u>	<u>(30,608)</u>
<b>NET POSITION - beginning of year</b>	<u>97,469</u>	<u>20,262</u>	<u>50,870</u>
<b>NET POSITION - end of year</b>	<u>\$ 40,019</u>	<u>\$ 97,469</u>	<u>\$ 20,262</u>

**OPERATING REVENUES**

Operating revenues include grant revenue and property sales. In 2020, in-kind revenues were also recognized. The sale of 5 properties took place in 2022. The Corporation sold 3 properties in both 2021 and 2020, 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, 2022 and 2021**

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**OPERATING EXPENSES**

Operating expenses primarily include cost of sales, unrealized loss on inventory, and professional services.

**OPERATING RESULTS**

The Corporation had an operating loss of \$57,354 for the year ended December 31, 2022 and an operating income of \$79,922 for the year ended December 31, 2021. The decreased operating income in 2022 was the result of a decrease in unrestricted revenue from property sales. The Corporation had an operating loss of \$26,973 in 2020. The increased operating income in 2021 was the result of an increase in unrestricted revenue from property sales.

**NON-OPERATING INCOME**

The Corporation received interest income on deposits in 2021 and 2020, and no such income was received in 2022. The Corporation paid interest on short-term debt in 2022, 2021 and 2020.

**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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash - unrestricted	\$ 31,758	\$ 85,185
Cash - restricted	53,470	63,455
Inventory	8,724	45,677
Prepaid expenses	<u>167</u>	<u>9,511</u>
Total current assets	<u>94,119</u>	<u>203,828</u>
Total assets	<u>94,119</u>	<u>203,828</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	1,638	1,908
Line of credit	-	40,996
Grant and government subsidy revenue advance	<u>52,462</u>	<u>63,455</u>
Total current liabilities	<u>54,100</u>	<u>106,359</u>
Total liabilities	<u>54,100</u>	<u>106,359</u>
<b>NET POSITION</b>		
Unrestricted	<u>40,019</u>	<u>97,469</u>
Total net position	<u>\$ 40,019</u>	<u>\$ 97,469</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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES:</b>		
Grant and government subsidy revenue	\$ 298,857	\$ 288,882
Sale of property	<u>19,002</u>	<u>170,800</u>
Total operating revenues	<u>317,859</u>	<u>459,682</u>
<b>OPERATING EXPENSES:</b>		
Cost of sales	285,956	114,168
Unrealized loss on inventory	6,608	200,606
General and administrative expenses	362	314
Advertising	198	373
Professional services	66,291	52,775
Insurance	13,554	9,901
Miscellaneous expense	<u>2,244</u>	<u>1,623</u>
Total operating expenses	<u>375,213</u>	<u>379,760</u>
OPERATING INCOME (LOSS)	<u>(57,354)</u>	<u>79,922</u>
<b>NON-OPERATING INCOME (EXPENSE):</b>		
Interest income	-	70
Interest expense	<u>(96)</u>	<u>(2,785)</u>
CHANGE IN NET POSITION	(57,450)	77,207
NET POSITION - beginning of year	<u>97,469</u>	<u>20,262</u>
NET POSITION - end of year	<u>\$ 40,019</u>	<u>\$ 97,469</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from grant and government subsidies	\$ 287,864	\$ 244,347
Cash received from sale of property	19,002	172,001
Cash paid for inventory	(254,723)	(260,140)
Cash paid for advertising	(198)	(373)
Cash paid for professional services	(66,241)	(61,764)
Cash paid for insurance	(4,210)	(19,637)
Cash paid for general and administrative expenses	<u>(2,606)</u>	<u>(1,937)</u>
Net cash from operating activities	<u>(21,112)</u>	<u>72,497</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash paid for principal debt payments	(40,996)	(131,147)
Cash paid for interest on debt	<u>(1,304)</u>	<u>(2,147)</u>
Net cash from financing activities	<u>(42,300)</u>	<u>(133,294)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash received from interest	<u>-</u>	<u>70</u>
Net cash from investing activities	<u>-</u>	<u>70</u>
<b>CHANGE IN CASH</b>	<b>(63,412)</b>	<b>(60,727)</b>
CASH - beginning of year	<u>148,640</u>	<u>209,367</u>
CASH - end of year	<u>\$ 85,228</u>	<u>\$ 148,640</u>
<b>RECONCILIATION OF CASH TO THE STATEMENTS OF NET POSITION:</b>		
Cash - unrestricted	\$ 31,758	\$ 85,185
Cash - restricted	<u>53,470</u>	<u>63,455</u>
Total	<u>\$ 85,228</u>	<u>\$ 148,640</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (57,354)	\$ 79,922
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Cash flows reported in other categories:		
Unrealized loss on inventory	6,608	200,606
Change in accrued interest	1,208	(638)
Changes in:		
Loan receivable	-	1,201
Inventory	30,345	(145,972)
Prepaid expenses	9,344	(9,511)
Accounts payable	-	(225)
Accrued expenses	(270)	(8,351)
Grant and government subsidy revenue advance	<u>(10,993)</u>	<u>(44,535)</u>
Net cash from operating activities	<u>\$ (21,112)</u>	<u>\$ 72,497</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)**

**Notes to Basic Financial Statements**  
**December 31, 2022 and 2021**

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**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.

**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, 2022 and 2021**

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**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 represent amounts held for use for specific grants at December 31, 2022 and 2021.

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.

The Corporation maintained cash balances with a financial institution insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, for demand and non-demand accounts. At December 31, 2022 and 2021, the Corporation's deposits consisted of \$85,228 and \$158,589 in cash, respectively, and were fully insured by the FDIC.

**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 total assessed value for rehabilitation or stabilization candidate properties, twenty-five percent of total assessed value for demolition candidate properties, total assessed land value for vacant lots without improvements, and a one-dollar value for suspected brownfield properties. 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.



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

**Notes to Basic Financial Statements**  
**December 31, 2022 and 2021**

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**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 years ended December 31, 2022 and 2021.

**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, 2022 and 2021.
- 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, 2022 and 2021.
- 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.

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

Notes to Basic Financial Statements  
December 31, 2022 and 2021

**3. CONCENTRATIONS**

The Corporation receives significant support from certain governmental entities. The primary source of funding is through grant awards. Funding from Enterprise Community Partners, Inc. comprised 39% and 46% of revenue for the years ended December 31, 2022 and December 31, 2021, respectively.

**4. SHORT-TERM DEBT**

In prior years, the Corporation entered into an agreement for a direct borrowing with Generations Bank for a line of credit not to exceed \$70,000. The Corporation also entered into an agreement with the County for a note payable in the amount of \$120,000. As of December 31, 2022, these borrowings were fully repaid and no liability remains.

Short-term debt activity for the year ended December 31, 2022 was as follows:

Issuance Date	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance
Direct Borrowing - Line of Credit:						
9/23/2019	10/10/2022	3.00%	\$ 40,996	\$ -	\$ (40,996)	\$ -
			<u>\$ 40,996</u>	<u>\$ -</u>	<u>\$ (40,996)</u>	<u>\$ -</u>

Short-term debt activity for the year ended December 31, 2021 was as follows:

Issuance Date	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance
Direct Borrowing - Line of Credit:						
9/23/2019	10/10/2022	3.00%	\$ 52,143	\$ -	\$ (11,147)	\$ 40,996
Note Payable:						
10/1/2019	10/1/2020	0.00%	120,000	-	(120,000)	-
			<u>\$ 172,143</u>	<u>\$ -</u>	<u>\$ (131,147)</u>	<u>\$ 40,996</u>

Interest expense related to the line of credit was \$96 and \$2,785 for the years ended December 31, 2022 and 2021, respectively.

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

**Notes to Basic Financial Statements**  
**December 31, 2022 and 2021**

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**5. AGREEMENT WITH COUNTY OF SENECA, NEW YORK**

In 2021, the Corporation renewed their 2018 agreement with the County for a period through December 31, 2022. 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. The Corporation paid the County \$30,063 and \$27,456 for the years ended December 31, 2022 and 2021, respectively, related to these services.

**6. CO-DEVELOPMENT AGREEMENTS WITH HABITAT FOR HUMANITY**

The Corporation has entered into agreements with Habitat for Humanity of Seneca County, Inc. (Habitat) to rehabilitate and sell properties.

In January 2022, the Corporation transferred to Habitat a property with a recorded inventory value of \$33,480, which was removed from inventory at the time of transfer. Under the agreement, following completion of the project and sale to a third party, the proceeds of the sale will be split between the Corporation and Habitat at eighty and twenty percent, respectively. Either party may terminate this agreement for any reason with written notice of at least ninety days and, upon termination, title of the property would re-convey to the Corporation. The Corporation will recognize any future revenue at the time the property is sold to a third party.

In May 2022, the Corporation transferred to Habitat a property with a recorded inventory value of \$3,425, which was removed from inventory at the time of transfer. The Corporation received \$14,000 from Habitat as consideration, which was recognized in sale of property for the year ended December 31, 2022. Under the agreement, following completion of the project and sale to a third party, the proceeds of the sale will be split between the Corporation and Habitat at sixty and forty percent, respectively. The Corporation will recognize any future revenue at the time the property is sold to a third party.

**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 27, 2023

To the Board of Directors of the  
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, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 27, 2023.

**Report on 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 or significant deficiencies may exist that were not identified.

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**Report on 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.

Draft - Subject to Change

March 27, 2023

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

We have audited 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) for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated December 8, 2022. Professional standards also require that we communicate to you the following information related to our audit.

**SIGNIFICANT AUDIT MATTERS**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Valuation of inventory

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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## **SIGNIFICANT AUDIT FINDINGS (Continued)**

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated as of our Independent Auditor's Report.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **OTHER MATTERS**

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

## **RESTRICTION ON USE**

This information is intended solely for the use of the Board of Directors and management of the Finger Lakes Regional Land Bank Corporation and is not intended to be, and should not be used by anyone other than these specified parties.

March 27, 2023

Joe McGrath, CEO/President  
Finger Lakes Regional Land Bank  
1 DiPronio Drive  
Waterloo, NY 13165

Dear Joe,

Land Bank Corporations, which are authorized under the Not-for-Profit Corporation Law, fall under the Public Authorities Accountability Act (PAAA) and Public Authorities Reform Act (PARA) definition if they are affiliated with, sponsored by, or created by a municipal government.

One of the specific requirements of the Public Authorities Law (PAL) is Section 2925, subdivision 6 that indicates:

“Each corporation shall annually prepare and approve an investment report which shall include the investment guidelines, as specified in subdivision three of this section, amendments to such guidelines since the last investment report, an explanation of the investment guidelines and amendments, the results of the annual independent audit, the investment income record of the corporation and a list of the total fees, commissions, or other charges paid to each investment banker, broker, dealer, agent and adviser rendering investment associated services to the corporation since the last investment report. Such investment report may be a part of any other annual report that the corporation is required to make.”

In discussions with the Authorities Budget Office (ABO), they have indicated that the annual financial statement audit does not satisfy the requirement above. Furthermore, the requirement extends to not only investments in the conventional sense, but all funds available for deposit in the organization, except for traditional checking and savings type deposits, or trustee directed investments in association with bond issuances. Certificates of deposits would qualify as investments under the regulations.

The complexity of the audit is based primarily on the nature of the organization's investments. Organizations with certificates of deposit or other non-complex investments may be able satisfy the requirements by having an agreed-upon procedures review of its investment policy performed to ensure that the organization is in compliance with said policy.

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Since the Finger Lakes Regional Land Bank Corporation does not have investments that meet the criteria as defined above, there is no filing requirement for December 31, 2022.

We can assist you with the requirements of this legislation and provide the reports required to satisfy the objectives, going forward. As necessary, we can perform these concurrently with our annual financial statement audits at an estimated hour basis. Please contact me to discuss the specifics of your needs.

Very truly yours,

BONADIO & CO., LLP

by:  
Jacob Skeval, CPA

