

24-20
Resolution ~~23-20~~

(AF)

Finger Lakes Regional Land Bank Corporation Board of Directors

Moved by Joe Borst, Les Marquart

**RESOLUTION TO ACCEPT THE 2023 FINANCIAL STATEMENT AND
AUDIT REPORT FROM BONADIO & CO., LLP**


WHEREAS, the Audit Committee of the Corporation has had the opportunity to review the 2023 Financial Statement and Audit Report from Bonadio & Co., LLP and has voted to recommend that the Board accept the same; 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 2023 Financial Statements 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 under a State and County declared State of Emergency on March 26th, 2024, 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quorum of the Board of Directors was present and acting throughout, and that such resolution has not been modified, rescinded, or revoked, and is at present in full force and effect.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 26 day of March, 2024. The Corporation has no corporate seal.

x 
Amanda Forney, Acting
Secretary

Resolution 24-20

Finger Lakes Regional Land Bank Corporation Board of Directors

Moved by Joe Borst, Les Marquart

RESOLUTION TO ACCEPT THE 2023 FINANCIAL STATEMENT AND
AUDIT REPORT FROM BONADIO & CO., LLP

	Yes	Nay	Abstain	Absent
Joe Borst	[X]	[]	[]	[]
Ernie Brownell	[X]	[]	[]	[]
Jill Henry	[X]	[]	[]	[]
Les Marquart	[X]	[]	[]	[]
Don Northrup	[]	[]	[]	[X]
Frank Sinicropi	[X]	[]	[]	[]
David Wood	[X]	[]	[]	[]

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

**Financial Statements as of
December 31, 2023 and 2022
Together with
Independent Auditor's Report**

Draft - Subject to Change

FINGER LAKES REGIONAL LAND BANK CORPORATION
(A BLENDED COMPONENT UNIT OF THE COUNTY OF SENECA, NEW YORK)

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Draft - Subject to Change

INDEPENDENT AUDITOR'S REPORT

March 27, 2024

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, 2023 and 2022, 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, 2023 and 2022, 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.

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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INDEPENDENT AUDITOR'S REPORT

(Continued)

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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 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, 2024, 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, 2023 and 2022

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 ended December 31, 2023, 2022, and 2021. 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 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, 2023, December 31, 2022 and December 31, 2021, respectively:

	<u>2023</u>		<u>2022</u>		<u>2021</u>
Total Net Position	\$ 94,858	\$	40,019	\$	97,469
Total Current Assets	151,709		94,119		203,828
Total Current Liabilities	56,851		54,100		106,359
Current Ratio	2.7		1.7		1.9

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. The ratio indicates the Corporation is able to meet and pay its current obligations.

FINANCIAL HIGHLIGHTS (Continued)

- Below are the Corporation's operating revenues, operating expenses and operating income at December 31, 2023, December 31, 2022 and December 31, 2021, respectively:

	<u>2023</u>		<u>2022</u>		<u>2021</u>
Operating Revenues	\$ 193,379	\$	317,859	\$	459,682
Operating Expenses	138,540		375,213		379,760
Operating Income	54,839		(57,354)		79,922

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>2023</u>		<u>2022</u>		<u>2021</u>
Current Assets	\$ 151,709	\$	94,119	\$	203,828
Current Liabilities	<u>56,851</u>		<u>54,100</u>		<u>106,359</u>
Net Position - Unrestricted	<u>\$ 94,858</u>	\$	<u>40,019</u>	\$	<u>97,469</u>

Current Assets

Current assets at December 31, 2023, 2022, and 2021 comprised of cash, inventory, and prepaid expenses.

Inventory

Properties held for sale comprise inventory. At December 31, 2023, 2022, and 2021, the Corporation owned 9, 7, and 7 properties, respectively.

Capital Assets

The Corporation did not possess any capital assets at December 31, 2023, 2022, and 2021.

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, 2023 and 2022.

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 2024, along with projections through 2026.

Summary of Revenues and Expenses

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues:			
Grant and government subsidy revenue	\$ 94,979	\$ 298,857	\$ 288,882
Sale of property	-	19,002	170,800
Co-development agreement income	<u>98,400</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>193,379</u>	<u>317,859</u>	<u>459,682</u>
Operating Expenses:			
Cost of sales	15,866	285,956	114,168
Unrealized loss on inventory	-	6,608	200,606
General and administrative expenses	567	362	314
Advertising	533	198	373
Professional services	105,304	66,291	52,775
Insurance	13,961	13,554	9,901
Miscellaneous expense	<u>2,309</u>	<u>2,244</u>	<u>1,623</u>
Total operating expenses	<u>138,540</u>	<u>375,213</u>	<u>379,760</u>
Operating Income (Loss)	<u>54,839</u>	<u>(57,354)</u>	<u>79,922</u>
Non-Operating Income (Expense)			
Interest income	-	-	70
Interest expense	<u>-</u>	<u>(96)</u>	<u>(2,785)</u>
Change in Net Position	54,839	(57,450)	77,207
Net Position – beginning of year	<u>40,019</u>	<u>97,469</u>	<u>20,262</u>
Net Position – end of year	<u>\$ 94,858</u>	<u>\$ 40,019</u>	<u>\$ 97,469</u>

Operating Revenues

Operating revenues include grant revenue, property sales, and co-development agreement income. In 2023, co-development income was recognized for proceeds received upon the sale of one property under agreement, which was not owned by the Corporation. No sale of properties owned by the Corporation took place in 2023. The sale of 5 properties owned by the Corporation took place in 2022, and the sale of 3 properties took place in 2021.

Operating Expenses

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

Operating Results

The Corporation had an operating income of \$54,839 for the year ended December 31, 2023 and an operating loss of \$57,354 for the year ended December 31, 2022. The increased operating income in 2023 was primarily the result of recognition of co-development income, as previously described in the "Operating Revenues" section. The Corporation had 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.

Non-Operating Income

The Corporation received interest income on deposits in 2021, and no such income was received in 2022 and 2023. The Corporation paid interest on short-term debt in 2022 and 2021. No interest expense was paid in 2023.

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, 1 DiPronio Drive, Waterloo, NY 13165.

Draft - Subject to Change

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

Statements of Net Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS:		
Cash - unrestricted	\$ 89,519	\$ 31,758
Cash - restricted	53,293	53,470
Inventory	8,726	8,724
Prepaid expenses	<u>171</u>	<u>167</u>
Total current assets	<u>151,709</u>	<u>94,119</u>
Total assets	<u>151,709</u>	<u>94,119</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	17,765	1,638
Grant and government subsidy revenue advance	<u>39,086</u>	<u>52,462</u>
Total current liabilities	<u>56,851</u>	<u>54,100</u>
Total liabilities	<u>56,851</u>	<u>54,100</u>
NET POSITION		
Unrestricted	<u>94,858</u>	<u>40,019</u>
Total net position	<u>\$ 94,858</u>	<u>\$ 40,019</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES:		
Grant and government subsidy revenue	\$ 94,979	\$ 298,857
Sale of property	-	19,002
Co-development agreement income	<u>98,400</u>	<u>-</u>
Total operating revenues	<u>193,379</u>	<u>317,859</u>
OPERATING EXPENSES:		
Cost of sales	15,866	285,956
Unrealized loss on inventory	-	6,608
General and administrative expenses	567	362
Advertising	533	198
Professional services	105,304	66,291
Insurance	13,961	13,554
Miscellaneous expense	<u>2,309</u>	<u>2,244</u>
Total operating expenses	<u>138,540</u>	<u>375,213</u>
OPERATING INCOME (LOSS)	<u>54,839</u>	<u>(57,354)</u>
NON-OPERATING INCOME (EXPENSE):		
Interest expense	<u>-</u>	<u>(96)</u>
CHANGE IN NET POSITION	54,839	(57,450)
NET POSITION - beginning of year	<u>40,019</u>	<u>97,469</u>
NET POSITION - end of year	<u>\$ 94,858</u>	<u>\$ 40,019</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grant and government subsidies	\$ 81,603	\$ 287,864
Cash received from sale of property	-	19,002
Cash received from co-development agreement	98,400	-
Cash paid for inventory	(16,756)	(254,723)
Cash paid for advertising	(533)	(198)
Cash paid for professional services	(88,289)	(66,241)
Cash paid for insurance	(13,965)	(4,210)
Cash paid for general and administrative expenses	<u>(2,876)</u>	<u>(2,606)</u>
Net cash from operating activities	<u>57,584</u>	<u>(21,112)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash paid for principal debt payments	-	(40,996)
Cash paid for interest on debt	<u>-</u>	<u>(1,304)</u>
Net cash from financing activities	<u>-</u>	<u>(42,300)</u>
CHANGE IN CASH	57,584	(63,412)
CASH - beginning of year	<u>85,228</u>	<u>148,640</u>
CASH - end of year	<u>\$ 142,812</u>	<u>\$ 85,228</u>
RECONCILIATION OF CASH TO THE STATEMENTS OF NET POSITION:		
Cash - unrestricted	\$ 89,519	\$ 31,758
Cash - restricted	<u>53,293</u>	<u>53,470</u>
Total	<u>\$ 142,812</u>	<u>\$ 85,228</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ 54,839	\$ (57,354)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Cash flows reported in other categories:		
Unrealized loss on inventory	-	6,608
Change in accrued interest	-	1,208
Changes in:		
Inventory	(2)	30,345
Prepaid expenses	(4)	9,344
Accrued expenses	16,127	(270)
Grant and government subsidy revenue advance	<u>(13,376)</u>	<u>(10,993)</u>
Net cash from operating activities	<u>\$ 57,584</u>	<u>\$ (21,112)</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, 2023 AND 2022

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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023 and 2022.

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, 2023 and 2022, the Corporation's deposits consisted of \$142,812 and \$85,228 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.

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 and sale of properties, along with co-development agreement income, both 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.

Co-Development Agreement Income

As further described in Note 6, co-development income consists of proceeds received by the Corporation from the sale of properties of which they have a share in the development, but do not own and as such the properties were not part of their inventory of properties held for sale.

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, 2023 and 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023 and 2022.
- 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, 2023 and 2022.
- 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. CONCENTRATIONS

The Corporation receives significant support from certain governmental entities. The primary source of funding is through grant awards. Grant funding from the Housing Trust Fund Corporation comprised 49% of revenue for the year ended December 31, 2023. Funding from Enterprise Community Partners, Inc. comprised 90% of revenue for the year ended December 31, 2022.

4. SHORT-TERM DEBT

In July 2023, the Corporation entered into an agreement for a direct borrowing with Generations Bank for a line of credit not to exceed \$150,000 with a maturity date of October 10, 2024. As of December 31, 2023, no draws have been made on this line of credit.

In September 2019, the Corporation entered into an agreement for a direct borrowing with Generations Bank for a line of credit not to exceed \$70,000. This agreement was subsequently extended for a maturity date of October 10, 2022. As of December 31, 2022, this borrowing was fully repaid and no liability remained.

There was no short-term debt activity for the year ended December 31, 2023.

Short-term debt activity for the year ended December 31, 2022 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	10/10/2022	3.00%	\$ 40,996	\$ -	\$ (40,996)	\$ -
				<u>\$ 40,996</u>	<u>\$ -</u>	<u>\$ (40,996)</u>	<u>\$ -</u>

5. AGREEMENT WITH COUNTY OF SENECA, NEW YORK

The Corporation held a memorandum of agreement with County of Seneca, New York (the County) effective January 1, 2021 through December 31, 2022. In 2022, this agreement was renewed for the period of January 1, 2023 through December 31, 2023. 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 \$37,849 and \$30,063 for the years ended December 31, 2023 and 2022, 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. In 2023, the Corporation recognized \$98,400 in revenue for proceeds received upon the sale of the property during the year.

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.

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 27, 2024, which is the date the financial statements were available to be issued.

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, 2024

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, 2023, 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, 2024.

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 have not been identified.

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**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**

(Continued)

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