

GREATER MOHAWK VALLEY
LAND BANK CORPORATION

FINANCIAL STATEMENTS
December 31, 2020 and 2019

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Dermody, Burke & Brown, CPAs, LLC

INDEPENDENT AUDITORS' REPORT

BOARD OF DIRECTORS GREATER MOHAWK VALLEY LAND BANK CORPORATION

Report on the Financial Statements

We have audited the accompanying financial statements of the **GREATER MOHAWK VALLEY LAND BANK CORPORATION** (the Corporation) which comprise the statements of net position as of December 31, 2020 and 2019, and the related statements of revenues, expenses and change in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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.

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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 changes in its net 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, on pages 3 to 6 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 December 7, 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.

Dermody, Burke & Brown

DERMODY, BURKE & BROWN, CPAs, LLC

Syracuse, NY

December 7, 2023

GREATER MOHAWK VALLEY LAND BANK CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended December 31, 2020 and 2019

Introduction

Greater Mohawk Valley Land Bank Corporation's (the Corporation) Management's Discussion and Analysis for the fiscal years ended December 31, 2020 and 2019, provides an introduction to the major activities that had an effect on the operations of the Corporation and it also addresses the financial performance and status of the Corporation. The information contained within the Management's Discussion and Analysis (MD&A) should be used and considered in conjunction with all of the information contained within the 2020 and 2019 financial reports, which follows this report.

General Information

The Greater Mohawk Valley Land Bank Corporation (the Corporation) was formed in 2016 to address the problems of vacant, abandoned, or tax delinquent property in the Counties of Herkimer, Montgomery, Otsego, and Schoharie and the Cities of Rome and Utica (collectively, the Members), in a coordinated manner through the acquisition of real property. The mission of the Corporation is to strengthen communities across the Mohawk Valley by helping to return neglected and abandoned buildings to productive use.

Financial Highlights

- The Corporation's total net position was \$218,275 and \$169,397 for the years ended December 31, 2020 and 2019, respectively.
- Total assets were \$658,510 and \$564,457 for the years ended December 31, 2020 and 2019, respectively, comprised of cash, accounts receivable, inventory and prepaid expenses and capital assets.
- Total liabilities were \$440,235 and \$395,060 for the years ended December 31, 2020 and 2019, respectively, comprised of accounts payable, accrued expenses, refundable advances and line of credit.
- Operating revenues were \$1,027,261 and \$766,561 for the years ended December 31, 2020 and 2019, respectively. Operating revenues primarily consist of grant and government support.
- Operating expenses were \$1,028,700 and \$845,969 for the years ended December 31, 2020 and 2019, respectively.
- Change in net position was \$48,878 and \$(69,108) for the years ended December 31, 2020 and 2019, respectively.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2020 and 2019

Using this Annual Report

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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Summary of Statements of Net Position

TABLE 1

	2020	2019
ASSETS		
Cash	\$ 150,856	\$ 72,857
Accounts Receivable	16,110	2,100
Inventory	443,876	464,234
Prepaid Expenses	36,505	12,201
Capital Assets	16,204	16,204
Accumulated Depreciation	(5,041)	(3,139)
TOTAL ASSETS	<u>\$ 658,510</u>	<u>\$ 564,457</u>
LIABILITIES		
Accounts Payable	\$ 187,485	\$ 206,615
Accrued Expenses	96,702	88,445
Refundable Advances	100,685	0
Line of Credit	55,363	100,000
TOTAL LIABILITIES	<u>\$ 440,235</u>	<u>\$ 395,060</u>
NET POSITION		
Net Investment in Capital Assets	\$ 11,163	\$ 13,065
Unrestricted	207,112	156,332
TOTAL NET POSITION	<u>\$ 218,275</u>	<u>\$ 169,397</u>

GREATER MOHAWK VALLEY LAND BANK CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2020 and 2019

Summary of Statements of Net Position – Continued

Total assets increased approximately \$94,000 (14%) in 2020 as a result of the following:

- Cash increased approximately \$78,000 in 2020 due to grant funds received but not spent of approximately \$101,000.
- Prepaid expense increased approximately \$24,000 due to the timing of insurance payments at year end.
- Inventory decreased approximately \$20,000 in 2020 due to the sale of property.

Total liabilities increased approximately \$45,000 (10%) in 2020 as a result of the following:

- Refundable advances increased approximately \$101,000 in 2020 due to grant funds received but not spent.
- Line of credit decreased approximately \$45,000 in 2020 due to payments made on the line of credit.

Review of Revenues

TABLE 2

	2020	2019
Grant and Government Support	\$ 1,005,561	\$ 766,561
Paycheck Protection Program Funding	32,100	0
Miscellaneous Income	4,277	200
Rental Income	13,940	10,100
Sale of Property	21,700	0
	<hr/>	<hr/>
Total Revenue	<u>\$ 1,077,578</u>	<u>\$ 776,861</u>

Total revenue increased approximately \$300,000 (28%) in 2020 as a result of the following:

- Grants and government support increased approximately \$239,000 (31%) based on the timing of grant expenditures.
- Paycheck protection program funding of \$32,100.
- Sale of property of \$21,700 in 2020.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2020 and 2019

Review of Expenses

TABLE 3

	2020	2019
Cost of Sales	\$ 593,868	\$ 390,054
Salaries, Taxes, and Benefits	207,876	180,934
Office Expense	42,876	41,865
Insurance	62,326	59,284
Professional Fees	55,234	54,291
Taxes	48,225	52,066
Contract Expenses	5,003	51,350
Travel	3,231	7,252
General and Administrative Expenses	2,976	3,209
Miscellaneous Expense	120	1,839
Interest	5,063	2,145
Depreciation and Amortization	1,902	1,680
Total Expense	<u>\$ 1,028,700</u>	<u>\$ 845,969</u>

Total expense increased approximately \$183,000 (18%) in 2020 as a result of the following:

- Cost of sales increased approximately \$203,000 (52%) due to work done on the properties.

Summary of Changes in Capital Assets

- Capital assets consist of office equipment. No capital assets purchased in 2020. Depreciation of \$1,902 and \$1,680 in 2020 and 2019, respectively.

Economic Factors and Next Year's Budget

The Corporation will continue to spent allocated grant funds and continue to look for new grant opportunities.

Payroll and benefits should be consistent for the next year.

The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Corporation's operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge.

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 Greater Mohawk Valley Land Bank Corporation, 500 E. Main Street, 2nd Floor, PO Box 53, Little Falls, New York 13365.

GREATER MOHAWK VALLEY LAND BANK CORPORATION**AUDITED FINANCIAL STATEMENTS****STATEMENTS OF NET POSITION**

December 31, 2020 and 2019

	2020	2019
ASSETS		
Current Assets:		
Cash	\$ 150,856	\$ 72,857
Accounts Receivable	16,110	2,100
Inventory	443,876	464,234
Prepaid Expenses	36,505	12,201
	<u>647,347</u>	<u>551,392</u>
Total Current Assets	647,347	551,392
CAPITAL ASSETS	<u>11,163</u>	<u>13,065</u>
TOTAL ASSETS	<u>658,510</u>	<u>564,457</u>
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts Payable	187,485	206,615
Accrued Expenses	96,702	88,445
Refundable Advances	100,685	0
Line of Credit	55,363	100,000
	<u>440,235</u>	<u>395,060</u>
Total Current Liabilities	440,235	395,060
Net Position:		
Net Investment in Capital Assets	11,163	13,065
Unrestricted	207,112	156,332
	<u>218,275</u>	<u>169,397</u>
TOTAL NET POSITION	<u>\$ 218,275</u>	<u>\$ 169,397</u>

See notes to financial statements.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING REVENUE		
Grant and Government Support	\$ 1,005,561	\$ 766,561
Sale of Property	21,700	0
	<hr/>	<hr/>
Total Operating Revenue	1,027,261	766,561
OPERATING EXPENSE		
Cost of Sales	593,868	390,054
Salaries, Taxes, and Benefits	207,876	180,934
Office Expense	42,876	41,865
Insurance	62,326	59,284
Professional Fees	55,234	54,291
Taxes	48,225	52,066
Contract Expenses	5,003	51,350
Travel	3,231	7,252
General and Administrative Expenses	2,976	3,209
Miscellaneous Expense	120	1,839
Interest	5,063	2,145
Depreciation and Amortization	1,902	1,680
	<hr/>	<hr/>
Total Operating Expense	1,028,700	845,969
OPERATING LOSS	(1,439)	(79,408)
NON-OPERATING INCOME		
Paycheck Protection Program Funding	32,100	0
Miscellaneous Income	4,277	200
Rental Income	13,940	10,100
	<hr/>	<hr/>
Total Non-Operating Income	50,317	10,300
CHANGE IN NET POSITION	48,878	(69,108)
NET POSITION		
Balance, Beginning of Year	169,397	238,505
	<hr/>	<hr/>
Balance, End of Year	\$ 218,275	\$ 169,397
	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Grant and Government Subsidies	\$ 1,092,236	\$ 769,291
Cash Received from Sale of Property	21,700	0
Cash Paid for Inventory	(592,640)	(532,519)
Cash Paid for Salaries	(199,619)	(130,417)
Cash Paid for Consulting	(5,003)	(51,350)
Cash Paid for Office Expenses	(42,876)	(41,865)
Cash Paid for Insurance	(86,630)	(70,955)
Cash Paid for Professional Services	(55,234)	(54,291)
Cash Paid for Travel	(3,231)	(7,252)
Cash Paid for General and Administrative Expenses	(2,976)	(3,209)
Cash Paid for Taxes	(53,288)	(54,211)
Cash Paid for Miscellaneous Expenses	(120)	(1,839)
	<hr/>	<hr/>
Net Cash Provided By (Used In) Operating Activities	72,319	(178,617)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	0	(2,213)
Proceeds (Payments) on Line of Credit	(44,637)	100,000
	<hr/>	<hr/>
Net Cash Provided By (Used In) Capital and Related Financing Activities	(44,637)	97,787
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Received from Non-Operating Income	50,317	10,300
	<hr/>	<hr/>
Net Cash Provided By Investing Activities	50,317	10,300
Net Increase in Cash	77,999	(70,530)
Cash, Beginning of Year	72,857	143,387
	<hr/>	<hr/>
Cash, End of Year	\$ 150,856	\$ 72,857
	<hr/>	<hr/>

See notes to financial statements.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (1,439)	\$ (79,408)
Adjustments to Reconcile Income from Operations to Net Cash Provided By Operating Activities:		
Depreciation	1,902	1,680
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(14,010)	2,730
Inventory	20,358	(304,289)
Prepaid Expenses	(24,304)	(11,671)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(19,130)	161,824
Accrued Expenses	8,257	50,517
Refundable Advances	100,685	0
	<u>72,319</u>	<u>0</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 72,319</u>	<u>\$ (178,617)</u>

See notes to financial statements.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 1 – NATURE OF OPERATIONS

Greater Mohawk Valley Land Bank Corporation (the “Corporation”) was formed in 2016 to address the problems of vacant, abandoned, or tax delinquent property in the Counties of Herkimer, Montgomery, Otsego, and Schoharie and the Cities of Rome and Utica (collectively, the Members), in a coordinated manner through the acquisition of real property. The mission of the Corporation is to strengthen communities across the Mohawk Valley by helping to return neglected and abandoned buildings to productive use. The Corporation was created by the Members via a joint venture.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation’s financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

In accordance with GASB standards, the accounting and financial reporting treatment applied to the Corporation is determined by its measurement focus. As required by GASB standards, the transactions of the Corporation are accounted for on a flow of economic resources measurement focus and accrual basis of accounting.

Basis of Presentation

GASB requires the classification of net position into three components defined as follows:

- *Net Investment in Capital Assets* – This component consists of the amounts expended by the Corporation for the acquisition of capital assets, net of accumulated depreciation and related debt.
- *Restricted Net Position* – This component of net position consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This component consists of the remaining net assets, which can be further categorized as designated or undesignated. Designated assets are not governed by statute or contract but are committed for specific purposes pursuant to Corporation policy and/or Board directives. Designated assets include funds and assets committed to working capital.

When both restricted and unrestricted resources are available for use, it is the Corporation’s policy to use restricted resources first, and then unrestricted resources as they are needed.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash

For purposes of the statements of cash flows, the Corporation has adopted the direct method of reporting net cash flows from operating activities and considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Corporation analyzes accounts receivable on a monthly basis and adjusts the allowance for doubtful accounts as is necessary. Accounts receivable are written off against the allowance for doubtful accounts as they are deemed uncollectible.

Inventory

Inventory consists of vacant, abandoned, or tax delinquent property purchased by the Corporation or donated. Inventory is valued at the lower of cost or market. Market value is defined as ½ of full market value per the tax assessor, with the exception of vacant lots and properties planned for demolition are valued at \$1. Cost includes but is not limited to, property purchase cost, appraisal, inspection and recording fees, renovation costs and professional services.

Prepaid Expenses

Prepaid expenses at December 31, 2020 and 2019 are comprised of amounts for following year insurance policies paid prior to fiscal year end.

Capital Assets

Capital assets are carried at cost. Capital assets include computers and equipment, furniture and fixtures, and software. Capital assets are defined by the Corporation as assets with an initial individual cost of more than \$1,500 and having an estimated useful life in excess of one year. Assets will be depreciated using the straight-line method.

Depreciation is provided on the straight-line basis using the various lives for each asset. When assets are retired or otherwise disposed of, the related assets and accumulated depreciation is written off and any unrelated gains or losses are recorded.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Refundable Advances

In certain instances, the Corporation receives grant and government support revenue prior to meeting the definition of earned. Such amounts are reflected as a liability, refundable advances, until amounts are deemed earned and then recognized as revenue.

Revenue Recognition

The Corporation distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues are mostly comprised of grant and government subsidy revenue resulting from contributions to carry on with the principal activities of the Corporation. Operating expenses generally consist of general and administrative expenses associated with the Corporation's mission. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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

As a public benefit corporation, the Corporation is exempt from federal and state income taxes, as well as state and local property and sales taxes.

Subsequent Events

The Corporation has evaluated subsequent events through December 7, 2023, the date the financial statements were available to be issued.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Cash held by the Corporation at December 31, 2020 consists of the following:

	Carrying Value	Bank Balance
Cash Held:		
Cash on Hand	\$ 150	\$ 0
Bank Accounts	<u>150,706</u>	<u>153,813</u>
Total Cash Held	<u><u>\$ 150,856</u></u>	<u><u>\$ 153,813</u></u>

Cash held by the Corporation at December 31, 2019 consists of the following:

	Carrying Value	Bank Balance
Cash Held:		
Cash on Hand	\$ 150	\$ 0
Bank Accounts	<u>72,707</u>	<u>75,814</u>
Total Cash Held	<u><u>\$ 72,857</u></u>	<u><u>\$ 75,814</u></u>

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned. The Corporation's deposits are secured by \$153,813 from the Federal Depository Insurance Corporation at December 31, 2020. For the Corporation, all pledged collateral and all investments are classified in the highest category by being held in bank trust departments in the Corporation's name.

Funds held by the Corporation are administered in accordance with the Corporation's investment guidelines pursuant to Section 2925 of the New York State Public Authorities Law. These guidelines comply with the New York State Comptroller's investment guidelines for public authorities.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 4 – CAPITAL ASSETS

The Corporation's capital assets activity for the year ended December 31, 2020 was as follows:

	December 31, 2019	Additions	Retirements / Reclassifications	December 31, 2020
Computers and Software	\$ 4,436	\$ 0	\$ 0	\$ 4,436
Furniture and Fixtures	11,768	0	0	11,768
	<hr/>	<hr/>	<hr/>	<hr/>
Total	16,204	0	0	16,204
	<hr/>	<hr/>	<hr/>	<hr/>
Less: Accumulated Depreciation	3,139	1,902	0	5,041
	<hr/>	<hr/>	<hr/>	<hr/>
Capital Assets, Net	\$ 13,065	\$ (1,902)	\$ 0	\$ 11,163
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Corporation's capital assets activity for the year ended December 31, 2019 was as follows:

	December 31, 2018	Additions	Retirements / Reclassifications	December 31, 2019
Computers and Software	\$ 4,436	\$ 0	\$ 0	\$ 4,436
Furniture and Fixtures	9,555	2,213	0	11,768
	<hr/>	<hr/>	<hr/>	<hr/>
Total	13,991	2,213	0	16,204
	<hr/>	<hr/>	<hr/>	<hr/>
Less: Accumulated Depreciation	1,459	1,680		3,139
	<hr/>	<hr/>	<hr/>	<hr/>
Capital Assets, Net	\$ 12,532	\$ 533	\$ 0	\$ 13,065
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

GREATER MOHAWK VALLEY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 5 – LINE OF CREDIT

The Corporation maintains an unsecured line of credit at a local bank. The terms of the line allow for maximum borrowing of up to \$100,000 with a variable interest rate of the Wall Street Journal Index plus 2.00% with an annual review each May. The interest rate was 3.25% and 4.75% as of December 31, 2020 and 2019, respectively. Any balance on the line is payable on demand. There was an outstanding balance of \$55,363 and \$100,000 at December 31, 2020 and 2019, respectfully.

NOTE 6 – PAYCHECK PROTECTION PROGRAM

In April 2020, the Corporation received an award of \$32,100 under the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP). In July 2021, the Corporation received a formal forgiveness approval letter from the SBA for the entire loan amount. The Corporation recognized grant revenue of \$32,100 as of December 31, 2020.

In April 2021, the Corporation received an award of \$47,936 under the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP). In September 2021, the Corporation received a formal forgiveness approval letter from the SBA for the entire loan amount.

NOTE 7 – INTERMUNICIPAL AGREEMENT

Within the parameters of the New York Land Bank Act of Article 16 of the New York Not-for-Profit Corporation Law, any two or more foreclosing governmental units are permitted to enter into an intergovernmental cooperation agreement to establish a land bank. In 2016, the Members (as described in Note 1) entered into an intermunicipal agreement for the creation of the Corporation to exercise the powers, duties, functions, and responsibilities of a land bank under the Land Bank Act.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 8 – RECENT AND UPCOMING PRONOUNCEMENTS

GASB Statement No. 87, “*Leases*”, was issued in June 2017. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The Corporation is required to adopt the provisions of this statement for the year ending December 31, 2022.

GASB Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period*”, was issued in June 2018. The objectives of this statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. The Corporation is required to adopt the provisions of this statement for the year ending December 31, 2021.

GASB Statement No. 91, “*Conduit Debt Obligations*”, was issued in May 2019. The objectives of this statement are to provide a single method of reporting conduit debt obligations and eliminate diversity in practices. The Corporation is required to adopt the provisions of this statement for the year ending December 31, 2022.

GASB Statement No. 92, “*Omnibus 2020*”, was issued in January 2020. The objectives of this statement are to enhance comparability and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB statements. The Corporation is required to adopt the provisions of this statement for the year ending December 31, 2022.

GASB Statement No. 93, “*Replacement of Interbank Offered Rates*”, was issued in March 2020. The objectives of this statement is to address those and other accounting and financial reporting implications that result from the replacement of interbank offered rates. The Corporation is required to adopt the provisions of this statement for the year ending December 31, 2022.

In May 2020, the GASB issued Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*”. This statement allows governments and other stakeholders to postpone the effective dates of certain provisions. GASB Statement No. 87, No. 89, No. 91, No. 92 and No. 93 were included in GASB Statement No. 95.

The Corporation’s management is in the process of evaluating the impact of these statements on its future financial statements.



Dermody, Burke & Brown, CPAs, LLC

**INDEPENDENT AUDITORS' 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***

**BOARD OF DIRECTORS
GREATER MOHAWK VALLEY LAND BANK CORPORATION**

We have audited, in accordance with the 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 Greater Mohawk Valley Land Bank Corporation (the Corporation), which comprise the statements of net position as of December 31, 2020 and 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 7, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002, that we consider to be material weaknesses.

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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*.

Greater Mohawk Valley Land Bank Corporation's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Corporation's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on the response.

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.



DERMODY, BURKE & BROWN, CPAs, LLC

Syracuse, NY

December 7, 2023

GREATER MOHAWK VALLEY LAND BANK CORPORATION

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2020

Finding Number: 2020-001

Criteria

During 2020 and 2019, the Corporation did not have or follow an approved policy for the valuation of its inventory. Inventory is required to be valued the lower of cost or market, as prescribed by U.S. GAAP. The Corporation approved a policy after year end during the audit process. Adjusting journal entries were proposed by the auditors and accepted by the Corporation to properly reflect the financial statements in accordance with generally accepted accounting principles for the valuation of inventory.

Condition / Cause

The Corporation did not have or follow an approved policy for the valuation of its inventory. The valuation of inventory was not consistent during the year and not consistent with U.S. GAAP.

Effect

As a result inventory was materially understated. Entries were required to increase inventory and cost of goods sold of \$283,931 and \$304,289 for 2020 and 2019, respectively.

Recommendation

We recommend that the Corporation take the proper steps to document and properly follow all of the Corporate policies and insure proper financial reporting.

Management's Response

Management is in agreement with the recommendation. Greater Mohawk Valley Land Bank noted that inventory increased in 2019 and 2020 due to acquisitions of more rehab properties. Based on the need to provide uniform valuations for the 2019 and 2020 audits, the Greater Mohawk Valley Land Bank, working with the Greater Syracuse Land Bank, the New York Land Bank Association (NYLBA) and the respective Attorneys, did develop a formal, standard-based, written 'write-down' policy that was shared by the statewide association and subsequently adopted by the GMVLB Board, and which will be used going forward, reviewed annually, and updated as needed by the Board.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2020

Finding Number: 2020-002

Criteria

Generally accepted accounting principles (GAAP) require that grant and government support that is received cannot be recognized as revenue until the related expenses are paid. The Corporation recognized the grant and government support as revenue when received instead of recording a liability for refundable advances.

Condition / Cause

During 2020, the Corporation received \$100,685 for grant and government support funding that had not been spend at year end. The Corporation recognized these funds as revenue instead of as a liability.

Effect

The Corporation's financial statements would not have conformed with generally accepted accounting principles without the audit entries. The Corporation's revenue was overstated by \$100,685 and the liabilities were understated by \$100,685.

Recommendation

We recommend that the Corporation take the proper steps and track the funding received compared to what has been expended to insure proper financial reporting.

Management's Response

This arose due to the timing of payments, which were received in 2020 but not expended until 2021. Management is in agreement with the recommendation and has set-up a process to better track funding and expenses upon receipt to avoid this happening going forward.



Dermody, Burke & Brown, CPAs, LLC

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH INVESTMENT GUIDELINES FOR PUBLIC AUTHORITIES**

**BOARD OF DIRECTORS
GREATER MOHAWK VALLEY LAND BANK CORPORATION**

We have examined Greater Mohawk Valley Land Bank Corporation's (the Corporation) compliance with Section 2925(3) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations during the years ended December 31, 2020 and 2019. Management is responsible for the Corporation's compliance with those requirements. Our responsibility is to express an opinion on the Corporation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. These standards require that we plan and perform the examination to obtain reasonable assurance about whether the Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Corporation's compliance with specified requirements.

In our opinion, the Corporation complied, in all material respects, with the aforementioned requirements during the years ended December 31, 2020 and 2019.

This report is intended solely for the information and use of management, the board of directors, and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these parties.

Dermody, Burke & Brown

DERMODY, BURKE & BROWN, CPAs, LLC

Syracuse, NY

December 7, 2023

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