GREATER MOHAWK VALLEY LAND BANK CORPORATION

Financial Statements as of
December 31, 2017
Together with
Independent Auditor's Report
And Report Required by *Government*
Auditing Standards

Bonadio & Co., LLP
Certified Public Accountants

GREATER MOHAWK VALLEY LAND BANK CORPORATION

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

August 8, 2018

To the Board of Directors of
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), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the Table of Contents.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 opinion.

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(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

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, 2017, and the change in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2018 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.

Bonadio & Co., LLP

GREATER MOHAWK VALLEY LAND BANK CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Greater Mohawk Valley Land Bank Corporation (the Corporation) annual financial report presents discussion and analysis of the Corporation's financial performance during the fiscal year ending December 31, 2017 and 2016. Please read it in conjunction with the Corporation's financial statements and accompanying notes.

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.

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 Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, the Statement of Cash Flows and related notes provide a detailed look at the specific financial activities of the Corporation and generally provide an indication of the Company's financial health. The Statement of Net Position include all of the Corporation's assets and liabilities, using the accrual basis of accounting. The Statement of Revenue, Expenses and Change in Net Position report all of the revenues and expenses during the time period indicated. The Statement 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

- The Corporation's total net position at December 31, 2017 is $52,200 and at December 31, 2016 is $66,250.
- Total current assets at December 31, 2017 are $68,845 and at December 31, 2016 are $66,250. In 2017 it is comprised of cash on hand, inventory and prepaid insurance and in 2016 it is comprised of cash on hand.
- Total current liabilities at December 31, 2017 are $22,486 comprised of accounts payable made up mainly of salary, insurance and general and administrative expenses. There are no current liabilities as of December 31, 2016.
- Operating revenues at December 31, 2017 were $203,572 and at December 31, 2016 were $75,000. Operating revenues for both years consisted of grant funds from LISC as well as a small current year portion from the City of Utica.
- Operating expenses at December 31, 2017 are $217,479 up from $8,750 at December 31, 2016 due to 2017 being the first full year of operation.
- Operating loss at December 31, 2017 is $(14,050).

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

	2017	2016
Current assets	$ 68,845	$ 66,250
Capital assets	5,841	-
Total assets	74,686	66,250
Current liabilities	22,486	-
Net position:		
Net investment in capital assets	5,841	-
Unrestricted	46,359	66,250
Total net position	$ 52,200	$ 66,250

CURRENT ASSETS

Current assets at December 31, 2017 were comprised of cash on hand, inventory and prepaid insurance. Current assets at December 31, 2016 were comprised strictly of cash on hand.

INVENTORY

The Corporation obtained inventory in 2017, while in 2016 there was no inventory. At December 31, 2017, the Corporation owned 2 properties.

CAPITAL ASSETS

As of December 31, 2017, capital assets consists of various computer equipment, furniture and software.

CURRENT LIABILITIES

Current liabilities are $22,486 at December 31, 2017 comprising of consulting fees, insurance and general and administrative expenses accounted for in accounts payable.

BUDGET

The Corporation’s current year operational performance is not indicative of what was budgeted for the year and accordingly, a comparison of budget to actual figures will not be presented.

FINANCIAL ANALYSIS OF THE CORPORATION (Continued)

Summary of Revenues, Expenses, and Change in Net Position

	2017	2016
OPERATING REVENUES:		
Grant and government subsidy revenue	$ 203,572	$ 75,000
Total operating revenues	203,572	75,000
OPERATING EXPENSES:		
Cost of sales	225	-
Demolition contributions	18,190	-
Research and development	2,296	-
Consulting	133,492	7,000
Insurance	9,664	-
Professional services	30,799	-
General and administrative expenses	9,565	1,750
Rent	3,712	-
Conferences and meetings	1,127	-
Travel	8,409	-
Total operating expenses	217,479	8,750
OPERATING INCOME (LOSS)	(13,907)	66,250
NON-OPERATING EXPENSE:		
Miscellaneous expense	(143)	-
INCOME (LOSS) BEFORE CONTRIBUTIONS	(14,050)	66,250
CHANGE IN NET POSITION	(14,050)	66,250
NET POSITION - beginning of year	66,250	-
NET POSITION - end of year	$ 52,200	$ 66,250

OPERATING REVENUES

There were no property sales during the year ended December 31, 2017. Operating revenue is made up several grants from LISC as well as the City of Utica. In 2016, the Corporation had grant revenue from LISC.

OPERATING EXPENSES

Operating expenses in 2017 were comprised mainly of consulting fees, professional services and demolition expenses.

OPERATING RESULTS

The Corporation had operating deficit of $14,050 for the year ended December 31, 2017. The negative balance is the result of expenses in excess of revenues.

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, 26 West Main Street, PO Box 69 Mohawk, NY 13407.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

STATEMENT OF NET POSITION
DECEMBER 31, 2017

ASSETS	
CURRENT ASSETS:	
Cash	$ 46,240
Inventory	1,987
Prepaid expenses	20,618
Total current assets	68,845
NONCURRENT ASSETS:	
Capital assets, net	5,841
Total assets	74,686
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	22,486
Total liabilities	22,486
NET POSITION	
Net investment in capital assets	5,841
Unrestricted	46,359
Total net position	$ 52,200

The accompanying notes are an integral part of these statements.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

OPERATING REVENUES:	
Grant and government subsidy revenue	$ 203,572
Total operating revenues	203,572
OPERATING EXPENSES:	
Cost of sales	225
Demolition contributions	18,190
Research and development	2,296
Consulting	133,492
Insurance	9,664
Professional services	30,799
General and administrative expenses	9,565
Rent	3,712
Conferences and meetings	1,127
Travel	8,409
Total operating expenses	217,479
OPERATING LOSS	(13,907)
NON-OPERATING EXPENSE:	
Miscellaneous expense	(143)
NET OPERATING LOSS	(14,050)
CHANGE IN NET POSITION	(14,050)
NET POSITION - beginning of year	66,250
NET POSITION - end of year	$ 52,200

The accompanying notes are an integral part of these statements.

GREATER MOHAWK VALLEY LAND BANK CORPORATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from grant and government subsidies	$ 203,572
Cash paid for inventory	(19,698)
Cash paid for general and administrative expenses	(4,947)
Cash paid for professional services	(29,522)
Cash paid for consulting	(127,010)
Cash paid for conferences and meetings	(912)
Cash paid for insurance	(23,479)
Cash paid for rent	(3,712)
Cash paid for travel	(8,318)
Net cash from operating activities	(14,026)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(5,841)
Net cash from capital and related financing activities	(5,841)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net miscellaneous income	(143)
Net cash from investing activities	(143)
CHANGE IN CASH	(20,010)
CASH - beginning of year	66,250
CASH - end of year	$ 46,240
RECONCILATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating loss	$ (13,907)
Adjustments to reconcile operating loss to net cash flow from operating activities	
Changes in:	
Inventory	(1,987)
Prepaid expenses	(20,618)
Accounts payable	22,486
Net cash from operating activities	(14,026)

The accompanying notes are an integral part of these statements.

1. ORGANIZATION

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.

The Corporation was created by the Members via a joint venture.

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, and when applicable) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory
As of December 31, 2017, the Corporation owns two pieces of property acquired for $1,987.

Capital Assets
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 $1,000 and having an estimated useful life in excess of one year. Assets will be depreciated using the straight-line method.

Prepaid Expenses
Prepaid expenses at December 31, 2017 are comprised of amounts for 2018 insurance policies paid prior to fiscal year end.

Grant and Government Subsidy Revenue
At December 31, 2017, the Corporation recognized approximately $203,000 in grant revenue received primarily from the Local Initiatives Support Corporation (LISC).

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 associated 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.

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.
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 does not have restricted net position at December 31, 2017.
c. Unrestricted net position - all other net position that does not meet the definition of net investment in capital assets or restricted net position.

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

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The Corporation follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conform with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Executive Director.

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

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

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

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Custodial Credit Risk

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

The Corporation restricts the securities to the following eligible items:

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

The Corporation maintained cash balances with a financial institution insured by the FDIC up to $250,000, for interest bearing and non-interest bearing accounts. At December 31, 2017, the Corporation's deposits consisted of $46,240 in cash, and was insured in full by FDIC.

4. CAPITAL ASSETS

The Corporation's capital assets activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Computers and equipment	$ -	$ 4,436	$ -	$ 4,436
Furniture and fixtures	-	778	-	778
Software	-	627	-	627
Total	$ -	$ 5,841	$ -	$ 5,841

There was no depreciation expense recorded for the year ended December 31, 2017.

5. 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.

6. NEW AND UPCOMING PRONOUNCEMENTS

New Pronouncements

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pension (other postemployment benefits or OPEB) included in the general purposes external financial reports of statement local governmental OPEB plans for making decisions and assessing accountability. The Corporation adopted the provisions of Statement No. 74 for the year ending December 31, 2017 with no material effect.

In January 2016, the GASB issues Statement No. 80, *Blending Requirements for Certain Component Units; an Amendment of GASB Statement No. 14.* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirement established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity,* as amended. The Corporation adopted the provisions of Statement No. 80 for the year ending December 31, 2017 with no material effect.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements.* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Corporation adopted the provisions of Statement No. 74 for the year ending December 31, 2017 with no material effect.

In March 2016, the GASB issued Statement No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Pending the measurement date of the employer’s pension liability, the Corporation is required to adopt the provisions of Statement No. 82 for the year ended December 31, 2017 or 2018. The Corporation adopted the provisions of the Statement No. 82 for the year ending December 31, 2017 with no material effect.

6. NEW AND UPCOMING PRONOUNCEMENTS (Continued)

Upcoming Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (other postemployment benefits or OPEB). The Corporation is required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. This Statement also requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. The Corporation is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments with a focus on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. The Corporation is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is address practice issues specific to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The Corporation is required to adopt the provisions of this Statement for the year ending December 31, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Corporation is required to adopt the provisions of this Statement for the year ending December 31, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users 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. The Corporation is required to adopt the provisions of this Statement for the year ending December 31, 2020.

The Corporation has not yet assessed the impact of these pronouncements on its future financial statements.

Bonadio & Co., LLP
Certified Public Accountants

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*

August 8, 2018

To the Board of Directors of
Greater Mohawk Valley 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 Greater Mohawk Valley Land Bank Corporation (the Corporation), as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated August 8, 2018.

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) to determine the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as item number 2017-001, 2017-002, 2017-003 and 2017-004 to be material weaknesses.

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. We consider the deficiency described in the accompany schedule of findings and responses as item number 2017-005 to be a significant deficiency.

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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)

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 determination of financial statement amounts. 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*.

Corporation's Response to Findings
The Corporation's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Corporation's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Bonadio & Co., LLP

GREATER MOHAWK VALLEY LAND BANK CORPORATION

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017

Reference Number: 2017-001

Criteria:
Adequate controls in place that will ensure proper tracking of expenses related to grant awards.

Condition/Cause:
During the year ending December 31, 2017, the Corporation did not have a method in place to track expenses related to the LISC (Local Initiatives Support Corporation) grant on an ongoing basis. LISC periodic reporting forms reported “Amount Expended This Reporting Period” using budgeted figures and not actual expenses.

Effect:
As a result of a lack of grant expense tracking, there is a risk that grant revenue will not be recorded to match related expense in a manner consistent with generally accepted accounting principles in the United States (U.S. GAAP). In addition, amounts expended per the periodic reporting forms were not calculated as prescribed by LISC.

Recommendation:
We recommend the Corporation, in conjunction with those charged with governance, develop an adequate and effective internal control system that would allow for the consistent tracking of expenses that are eligible for reimbursement through grant awards. Such detail may be requested by granting agencies as support that all funds were expended in accordance with the grant agreement. Periodic reporting forms should be completed using actual expense amounts as prescribed by LISC and we recommend a review process be developed for such reporting. Grant expenses are also the basis of the timing of revenue recognition and such tracking allows for the preparation of financial statements in accordance with U.S. GAAP.

Management’s Response:
The board plans to retain a professional Certified Accounting firm in order to properly track expenses and to have our in house staff record, in great detail, the extent of which expense is subject to particular grants, and the board is looking to institute project management software (eProperties Plus) that will closely track and tie expenditures to specific properties and be able to provide detailed reports to staff, the Board and the general public.

Reference Number: 2017-002

Criteria:
Proper cash management through timely and accurate grant reporting and monitoring to ensure the ability to meet obligations on an ongoing basis.

Condition/Cause:
During the year ending December 31, 2017, the Corporation lacked adequate controls over cash management and grant disbursement requests were not submitted timely.

Effect:
At times during the year ending December, 31, 2017, the Corporation did not have sufficient cash to meet obligations and overdraws were prevented by outstanding checks not being cashed.

Recommendation:
We recommend the Corporation, in conjunction with those charged with governance, review the controls in place over cash management and the timeliness of grant disbursement requests to ensure the ability to meet obligations.

Management's Response:
The board plans to review our policies and procedures in terms of Grant Disbursements and requests, but find no deficiencies in the timing on our end, as the cash flow came from the disbursement of the grant, not the timing of the request.

Reference Number: 2017-003

Criteria:
Adequate controls in place that will ensure grant awards are spent in accordance with grant agreements.

Condition/Cause:
During the year ending December 31, 2017, the Corporation did not have an effective process in place to ensure expenses met the period of availability requirement of grant agreements.

Effect:
Funds in excess of $13,000 were disbursed for expenses incurred outside the period of availability of grant awards with no other funds available.

Recommendation:
We recommend the Corporation, in conjunction with those charged with governance, review the controls in place to ensure compliance with all grant awards.

Management's Response:
The board plans to review our policies and procedures in terms of Grant expenses and timing of the same and write in new procedures, if necessary, to curb any further issues.

Reference Number: 2017-004

Criteria:
Adequate controls in place that will ensure all transactions are recorded in a manner consistent with U.S. GAAP.

Condition/Cause:
During the year ending December 31, 2017, the Corporation lacked adequate procedures to achieve proper cutoff of expenses in accordance with U.S. GAAP.

Effect:
A material audit adjustment to increase prepaid expenses by approximately $21,000 was required to properly state financial statements in accordance with U.S. GAAP.

Recommendation:
We recommend the Corporation, in conjunction with those charged with governance, review the controls over recording of transactions near year end to ensure expenses are recognized in the correct period in accordance with U.S. GAAP.

Management's Response:
The board plans to review our policies and procedures in terms of Grant expenses and timing of the same and write in new procedures, if necessary, to curb any further issues.

Reference Number: 2017-005

Criteria:
Adequate skills, knowledge and experience of consultants and/or employees of the Corporation in relation to governmental accounting.

Condition/Cause:
During the year ending December 31, 2017, the Corporation lacked consultants with adequate skills, knowledge and experience over governmental accounting. There was significant turnover during the year in the bookkeeping role.

Effect:
Based on current accounting processes, consultants were not able to maintain financial records in accordance with U.S. GAAP throughout the year. A number of immaterial differences were identified in areas such as accounts payable, capital assets and inventory. There is a potential for additional material misstatements in the future.

Recommendation:
We recommend the Corporation, in conjunction with those charged with governance, review current staffing and consider additional board involvement in reviewing financial information to ensure accuracy. Examples of this oversight includes reviewing bank statements, financial statements, and budget to actual information on a monthly basis and developing a procedure of signing such documents as evidence that such information was made available to the board.

Management's Response:
The board will authorize the retention of professional services of a certified public accounting firm with the express experience in government and not-for-profit accounting to assist our minimal staff.

Bonadio & Co., LLP
Certified Public Accountants

August 8, 2018

To the Members of the Audit Committee
Greater Mohawk Valley Land Bank Corporation:

We have audited the financial statements of Greater Mohawk Valley Land Bank Corporation (the Corporation), for the year ended December 31, 2017. 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 February 28, 2017. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

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. As described in Note 7, the Corporation changed accounting policies related to financial reporting guidance and reporting format by adopting the following Statements of the Governmental Accounting Standards Board during 2017:

- GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Adoption of this guidance did not have a significant effect on the Corporation's financial statements.

- GASB Statement No. 80 – Blending Requirements for Certain Component Units; an Amendment of GASB Statement No. 14. Adoption of this guidance did not have a significant effect on the Corporation's financial statements.

- GASB Statement No. 81 – Irrevocable Split-Interest Agreements. Adoption of this guidance did not have a significant effect on the Corporation's financial statements.

- GASB Statement No. 82 – Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73. Adoption of this guidance did not have a significant effect on the Corporation's financial statements.

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SIGNIFICANT AUDIT FINDINGS (Continued)
Qualitative Aspects of Accounting Practices (Continued)

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
- Valuation of in-kind services
- The estimated useful lives of depreciable fixed assets.

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.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all material misstatements, which have been attached in the schedule titled *Schedule of Material Adjustments*.

The attached schedule titled *Summary of Unadjusted Differences* summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the 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 August 8, 2018.

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 Greater Mohawk Valley Land Bank Corporation and is not intended to be, and should not be used by anyone other than these specified parties.

Bonadio & Co., LLP

Greater Mohawk Valley Land Bank
Schedule of Material Adjustments
December 31, 2017

Prepaid Insurance	$20,618	
Insurance Expense		$20,618

To adjust prepaid insurance to actual at 12/31/2017 and achieve proper cutoff of insurance expense.

Greater Mohawk Valley Land Bank
Summary of Unadjusted Differences
December 31, 2017

General & Administrative Expenses	$2,016	
Capital Assets		$2,016

To adjust for certain improperly included items in capital assets that did not meet the capitalization threshold during the year ended 12/31/2017.

Depreciation Expense	$1,275	
Accumulated Depreciation		$1,275

To adjust for depreciation expense not computed during the year ended 12/31/2017.

Accounts Payable	$3,000	
General & Administrative Expenses		$3,000

To adjust for duplicate payments that were not properly voided for contractual staff during the year ended 12/31/2017.

General & Administrative Expenses	$1,500	
Accounts Payable		$1,500

To adjust for improper cutoff for the first pay date of the fiscal year ended 12/31/2017.

Bonadio & Co., LLP
Certified Public Accountants

August 8, 2018

Tolga Morawski
Greater Mohawk Valley Land Bank
26 West Main Street
PO Box 69
Mohawk, NY 13407

Dear Tolga,

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 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, dealer 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 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 Greater Mohawk Valley Land Bank Corporation does not have investments that meet the criteria as defined above, there is no filing requirement for December 31, 2017.

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: Keeley Ann Hines

Keeley Ann Hines, CPA

August 8, 2018

Bonadio & Co., LLP
Certified Public Accountants
The Foundry
432 North Franklin Street
Syracuse, New York 13204

This representation letter is provided in connection with your audit of the financial statements of the Greater Mohawk Valley Land Bank Corporation (the Corporation), which comprise the statement of net position of the Corporation, as of December 31, 2017, the related statement of revenues, expenses and change in net position, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of August 8, 2018 the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 28, 2017, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3. We acknowledge our responsibility 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.

4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates are reasonable.

6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payables to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statement or schedule of findings and questioned costs.

8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

9. The effects of all known actual or possible litigations, claims and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10. Guarantees, whether written or oral, under which the Corporation is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, other matters and all audit or relevant monitoring reports, if any, received from funding sources.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d. Minutes of the meetings of the Corporation or summaries of actions of recent meetings for which minutes have not yet been prepared.

12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

    - Management,

    - Employees who have significant roles in internal control, or

    - Others where the fraud could have a material effect on the financial statements.

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements

17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government - specific

19. We have made available to you all financial records and related data.

20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

21. We have taken timely and appropriate steps to remedy fraud, violations of laws, regulations, contracts, or grant agreements, or abuse that you have reported to us.

22. We have a process to track the status of audit findings and recommendations.

23. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

24. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

25. The Corporation has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net position.

26. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

27. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

28. As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

29. The Corporation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

30. The Corporation has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

31. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

32. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

33. The financial statements properly classify all funds and activities.

34. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

35. Investments, derivative instruments, and land and other real estate held by endowments are properly valued, when applicable.

36. Provisions for uncollectible receivables have been properly identified and recorded, when applicable.

37. Inventory is stated at the lower of cost or market value.

38. General and administrative expenses are included as period charges, except for the portion of such expenses that may be clearly related to production and thus constitute a part of inventory costs.

39. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

40. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

41. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

42. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

43. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: ______________________

Title: Executive Director

Signature: ______________________

Title: Audit Committee, Board Treasurer

Greater Mohawk Valley Land Bank Corporation
Summary of Unadjusted Differences
December 31, 2017

General & Administrative Expenses	$2,016	
Capital Assets		$2,016

To decrease capital assets to actual by expensing assets that do not meet the Corporation's threshold for capitalization.

Depreciation Expense	$1,275	
Accumulated Depreciation		$1,275

To increase accumulated depreciation to actual to reflect the actual amount of depreciation expense incurred on capital assets during the year ended 12/31/2017.

Accounts Payable	$3,000	
Contractual Staff		$3,000

To decrease accounts payable to actual to reflect the proper amount of expense incurred related to duplicate payments generated for contractual staff in error.

Accounts Payable	$1,500	
Contractual Staff		$1,500

To decrease accounts payable to actual to reflect an expenditure incurred subsequent to year-end, yet recorded in the year ending 12/31/2017 in error.

Draft Response to Bonadio Group

In response to your audit presented in draft form, to the Board of Directors of the Greater Mohawk Valley Land Bank Corporation, we, the Board, find the results and findings to be fair but overly stringent and concentrated.

While the board acknowledges the insufficiency in staffing experienced practitioners of generally accepted accounting principles (GAAP) and government accounting standards board (GASB), as well as the proper linking and accounting for grant funding, we find that, of the 4 deficiencies and 1 significant deficiency noted, the board finds them to be generally linked to two areas of needed improvement.

Grant accounting and general knowledge of appropriate bookkeeping for a governmental agency such as ours encapsulate the recommendations set by this audit in 2017-001 - 2017-005 in our interpretation (which you will see in repeated or closely related responses to several referenced findings).

As such, and in direct response to the recommendation, the board will, in the next 90-120 days, establish an update to our 2018 board adopted written document of policies and procedures for proper accounting protocol in more specific relation to grant reporting.

Further, in order to pursue the best practices kept in our internal controls for all accounting standards, the board will authorize the retention of professional services of a certified public accounting firm with the express experience in government and not-for-profit accounting to assist our minimal staff.

Lastly, the board recently hired a full-time Administrative Assistant who has an Associate's degree in Business Administration with a concentration in Accounting and expects to have a Master in Accounting by the end of the year. And the board is looking to institute project management software (eProperties Plus) that will closely track and tie expenditures to specific properties and be able to provide detailed reports to staff, the Board and the general public

In summary, we, the Board of Directors of the Greater Mohawk Valley Land Bank, accept the fact that we have a need for internal control policies and procedures, as well as the need for experienced servicing of our records and reconciliations of the same, and plan to vigorously pursue the remediation of these two items straight away.

Our board, being this our first audit and testing of our records and keeping of them, are proud to know that the staff was available to your team and provided written documentation and records to each of your requests. Also, being a staff of under 5, with such a large footprint, having only 2 areas to focus on recovery and improvement, your audit provided us a path to further success.

We thank you for your diligence and we look forward to bettering our board based on this assessment.

Very Truly,

Joseph A. Marino
(Treasurer)

Direct Response to findings:

Reference Number: 2017-001

The board plans to retain a professional Certified Accounting firm in order to properly track expenses and to have our in house staff record, in great detail, the extent of which expense is subject to particular grants, and the board is looking to institute project management software (eProperties Plus) that will closely track and tie expenditures to specific properties and be able to provide detailed reports to staff, the Board and the general public

Reference Number: 2017-002

The board plans to review our policies and procedures in terms of Grant Disbursements and requests, but find no deficiencies in the timing on our end, as the cash flow came from the disbursement of the grant, not the timing of the request.

Reference Number: 2017-003

The board plans to review our policies and procedures in terms of Grant expenses and timing of the same and write in new procedures, if necessary, to curb any further issues.

Reference Number: 2017-004

The board plans to review our policies and procedures in terms of Grant expenses and timing of the same and write in new procedures, if necessary, to curb any further issues.

Reference Number: 2017-005

The board will authorize the retention of professional services of a certified public accounting firm with the express experience in government and not-for-profit accounting to assist our minimal staff.