

**TROY COMMUNITY LAND BANK  
RESOLUTION APPROVING THE 2020 AUDITED FINANCIAL STATEMENTS**

A regular meeting of the Troy Community Land Bank Corporation (the “TCLB”) was convened pursuant to and was in all respects duly held pursuant to Governor’s Executive Order 202.1 (2020) permits the board to consider the use of telephone conferencing, “to the extent necessary to permit any public body to meet and take such actions authorized by the law without permitting in public in-person access to meetings and authorizing such meetings to be held remotely by conference call or similar service, provided that the public has the ability to view or listen to such proceeding and that such meetings are recorded and later transcribed; and due notice of the time and place of said meeting was duly given in accordance with the Governor’s Executive Order 202.1 (2020) on March 31, 2021 at 6:00PM o’clock local time, local time.

The meeting was called to order by the Chair of TCLB and, upon roll being called, the following members of the Agency were:

**PRESENT:**

Heather King	Chair
Suzanne Spellen	Vice-Chair
Elbert Watson	Member
Brian Barker	Secretary
Andrew Cooper	Member
Jeanette Nicholson	Member
John Cubit	Member
John Carmello	Member
Patricia Reilly	Member

**RESOLUTION APPROVING THE 2019 AUDITED FINANCIAL STATEMENTS**

**WHEREAS**, the New York State Not-For-Profit Law and the New York State Public Authorities Law requires the Board of the Troy Community Land Bank Corporation (“Land Bank”) to obtain audited financials and to file IRS Form 990; and

**WHEREAS**, an audit was conducted of the financial operation of the Land Bank and audited financial statements were prepared by the Bonadio Group and forwarded to the Board for review; and

**WHEREAS**, the Board has received and reviewed the audited financial statements for 2020; and

**NOW, THEREFORE, BE IT RESOLVED**, by the Land Bank that:

1. The Board approves the 2020 audited financial statements; and

2. This Resolution shall be effective immediately upon passage.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

Heather King	Chair	VOTING <u>YES</u>
Suzanne Spellen	Vice-Chair	VOTING <u>YES</u>
Elbert Watson	Member	VOTING <u>YES</u>
Brian Barker	Secretary	VOTING <u>YES</u>
Andrew Cooper	Member	VOTING <u>YES</u>
Jeanette Nicholson	Member	VOTING <u>YES</u>
John Cubit	Member	VOTING <u>YES</u>
John Carmello	Member	VOTING <u>YES</u>
Patricia Reilly	Member	VOTING <u>YES</u>

The foregoing Resolution was thereupon declared duly adopted unanimously meeting the requirements of the Land Bank's bylaws requiring a majority of the Board approving this resolution.


STATE OF NEW YORK            )  
  ) SS.:  
COUNTY OF RENSSELAER    )

I, the undersigned Secretary of the TROY COMMUNITY LAND BANK CORPORATION DOES HEREBY CERTIFY, that I have compared the foregoing annexed extract of the minutes of the meeting of the members of the Land Bank, including the Resolution contained therein, held on March 31, 2021 with the original thereof on file in my office, and that the same is a true and correct copy of said original and of such Resolution contained therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Land Bank had due notice of said meeting; (B) said meeting was in all respects duly held pursuant to Governor’s Executive Order 202.1 (2020) permits the board to consider the use of telephone conferencing, “to the extent necessary to permit any public body to meet and take such actions authorized by the law without permitting in public in-person access to meetings and authorizing such meetings to be held remotely by conference call or similar service, provided that the public has the ability to view or listen to such proceeding and that such meetings are recorded and later transcribed; and due notice of the time and place of said meeting was duly given in accordance with the Governor’s Executive Order 202.1 (2020); (D) there was a quorum of the members of the Land Bank present throughout said meeting; and (E) Pursuant to the Land Bank Bylaws, a majority of the Board has voted to approve this resolution.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Land Bank this 6<sup>th</sup> day of April, 2021



\_\_\_\_\_  
Brian Barker, Secretary

(SEAL)

**TROY COMMUNITY LAND BANK**

**Financial Statements as of  
December 31, 2020  
Together with Independent  
Auditor's Reports**

**Bonadio & Co., LLP**  
Certified Public Accountants

# TROY COMMUNITY LAND BANK

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## INDEPENDENT AUDITOR'S REPORT

March 30, 2021

To the Board of Directors of  
Troy Community Land Bank

### Report on the Financial Statements

We have audited the accompanying financial statements of the Troy Community Land Bank Corporation (Land Bank), (a component unit of the City of Troy, New York), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Land Bank'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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Troy Community Land Bank Corporation, as of December 31, 2020, and the changes 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****Report on Required Supplementary Information**

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021 on our consideration of the Land Bank'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 Land Bank'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 Land Bank's internal control over financial reporting and compliance.

Bonadio & Co., LLP

## TROY COMMUNITY LAND BANK

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

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*The following is a discussion and analysis of the Land Bank's financial performance for the fiscal year ended December 31, 2020. The section is a summary of the Land Bank's financial activities based on currently known facts, decisions, or conditions. This section is only an introduction and should be read in conjunction with the Land Bank's financial statements which immediately follow this section.*

#### **Financial Highlights**

- The Land Bank's net position decreased approximately \$217,000 this year. Much of this decrease is attributable to the Land Bank moving forward to newly construct, fully renovate or stabilize properties, which requires greater amount of time than the Land Bank's previous path of conducting significantly less work prior to marketing properties. As a result of this new approach, and as an impact of COVID-19 Pause requirements resulting in suspension of work, fewer properties were marketed for sale.
- Revenue from property sales in fiscal year 2020 was approximately \$101,000 a decrease of approximately \$154,000 from the approximately \$255,000 in property sales in fiscal year 2019.
- As similarly noted above, the impacts of COVID-19 Pause requirements and the additional time required to undertake a significantly greater amount of work per property has resulted in fewer properties marketed for sale during 2020 as compared to 2019.
- Property held for sale was valued at approximately \$568,400 as of December 31, 2020.
- The Land Bank's primary revenue to support operations is from grant funds. These grant funds constitute 79% of its revenue and at the present time, the Land Bank's continued viability is reliant on these grants.

#### **Overview of Financial Statements**

The Land Bank had bank balances of \$6,607 at December 31, 2020 all of which are insured by the Federal Deposit Insurance Corporation (FDIC).

The basic financial statements include the statement of net position, statement of revenues, expenses and change in net position, statement of cash flows, and notes to the financial statements.

The first of these statements is the statement of net position. This is the statement of financial position presenting information that includes all of the Land Bank's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Land Bank as a whole is improving or deteriorating. Evaluation of the overall economic health of the Land Bank must include other non-financial factors such as the economic picture of the City, County and the State, in addition to the financial information provided in this report.

The second statement is the statement of revenues, expenses and changes in net position, which reports how the Land Bank's net position changed during the current and previous fiscal year. Revenues and expenses are included when earned or incurred, regardless of when cash is received or paid. The third statement is the statement of cash flows, which shows the sources and uses of cash.

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements.



**TROY COMMUNITY LAND BANK**

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

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**Financial Analysis**

Below is a summary of the statements of net position and the statements of revenues, expenses and changes in net position for the years ended December 31, 2020 and 2019:

**Summary of Net Position**

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Current assets	\$ 1,119,383	\$ 1,222,500	\$ (103,117)	-8%
Non-current assets	<u>385</u>	<u>769</u>	<u>(384)</u>	-50%
Total assets	<u>1,119,768</u>	<u>1,223,269</u>	<u>(103,501)</u>	-8%
Current liabilities	<u>759,018</u>	<u>644,888</u>	<u>114,130</u>	18%
Total liabilities	<u>759,018</u>	<u>644,888</u>	<u>114,130</u>	18%
Net Position				
Net investment in capital assets	385	769	(384)	-50%
Unrestricted	<u>360,365</u>	<u>577,612</u>	<u>(217,247)</u>	-38%
	<u>\$ 360,750</u>	<u>\$ 578,381</u>	<u>\$ (217,631)</u>	-38%

In its seventh year of the Land Bank's existence, the Land Bank's net position decreased approximately \$217,000. Current assets decreased due accounts receivable from Office of the Attorney General grant due to the Land Bank for \$900,000. There was an increase in property held for resale for approximately \$119,000. The increase in property held for resale is due to construction loan for 1 property which increased the that property's value held for resale. Non-current assets decreased due to capital assets.

**Summary of Changes in Net Position**

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenue:				
Sale of property	\$ 101,050	\$ 255,400	\$ (154,350)	-60%
Donation of property for sale	-	496,000	(496,000)	-100%
Grants	393,540	271,011	122,529	45%
Other income	<u>740</u>	<u>83,960</u>	<u>(83,220)</u>	-99%
Total operating revenues	495,330	1,106,371	(611,041)	-55%
Operating Expenses	<u>713,036</u>	<u>1,248,730</u>	<u>(535,694)</u>	-43%
Operating loss	<u>(217,706)</u>	<u>(142,359)</u>	<u>(75,347)</u>	53%
Non-operating revenues:				
Other	<u>76</u>	<u>536</u>	<u>(460)</u>	-86%
Change in net position	(217,630)	(141,823)	(75,807)	53%
Net position - beginning of year	<u>578,380</u>	<u>720,204</u>	<u>(141,824)</u>	-20%
Net position - end of year	<u>\$ 360,750</u>	<u>\$ 578,381</u>	<u>\$ (217,631)</u>	-38%

**TROY COMMUNITY LAND BANK**

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

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The Land Bank in its seventh year of operations saw a decrease in operating revenue. The decrease is due to selling four properties in fiscal year 2020, which was a decrease from the twelve properties sold in fiscal year 2019. In addition, the Land Bank acquired 0 parcels of property a decrease from the ten parcels acquired in 2019 with a total inventory at December 31, 2020 of eighteen properties. This decrease in activity also affected operating expenses, decreasing them by approximately \$536,000.

**Economic Factors**

The Land Bank continues to look for funding opportunities to further its mission of promoting local development. Each year, the Land Bank will evaluate opportunities for investment of its resources in furthering this mission.

**Contacting Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Land Bank's finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact the Troy Community Land Bank Corporation's Executive Director at 200 Broadway, Suite 701, Troy, New York 12180.

## TROY COMMUNITY LAND BANK CORPORATION

### Statement of Net Position December 31, 2020

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#### ASSETS

Cash	\$	4,905
Grants receivable		535,526
Property held for sale		568,400
Prepaid expenses		<u>10,552</u>
Total current assets		<u>1,119,383</u>
Capital assets, net		<u>385</u>
Total assets		<u>1,119,768</u>

#### LIABILITIES

Accounts payable		38,158
Accrued liabilities		28,345
Construction loan		90,000
Paycheck Protection Program Loan		17,000
Unearned grant revenue		<u>585,515</u>
Total current liabilities		<u>759,018</u>
Total liabilities		<u>759,018</u>

#### NET POSITION

Net investment in capital assets		385
Unrestricted - property held for resale		568,400
Unrestricted - available for operations		<u>(208,035)</u>
	\$	<u>360,750</u>

The accompanying notes are an integral part of these statements.

**TROY COMMUNITY LAND BANK CORPORATION**

**Statement of Revenue, Expenses, and Change in Net Position  
For the year ended December 31, 2020**

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**OPERATING REVENUE**

Sale of property	\$	101,050
Grant revenue		393,540
Donations and other		<u>740</u>
Total operating revenue		<u>495,330</u>

**OPERATING EXPENSES**

Cost of property sold		205,480
Property held for sale valuation adjustment		122,147
Property maintenance		86,805
Salaries and benefits		92,056
Professional fees		129,116
Insurance		60,120
Office and administrative		13,604
Dues and subscriptions		2,203
Depreciation		384
Property taxes		<u>1,121</u>
Total operating expenses		<u>713,036</u>

Operating loss (217,706)

Interest 76

CHANGE IN NET POSITION (217,630)

NET POSITION - beginning of year 578,380

NET POSITION - end of year \$ 360,750

The accompanying notes are an integral part of these statements.

**TROY COMMUNITY LAND BANK CORPORATION****Statement of Cash Flows****For the year ended December 31, 2020**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from property sales	\$	101,050
Grant revenue		364,475
Other receipts		740
Payments to employees for salaries and benefits		(94,649)
Payments to vendors for goods and services		<u>(737,928)</u>

Net cash flows from operating activities (366,312)

**CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING**

Proceeds from PPP loan		17,000
Proceeds from loan		<u>90,000</u>

Net cash flows from capital and related financing activities 107,000

**CASH FLOWS FROM INVESTING ACTIVITIES**

Receipts from interest earnings		<u>76</u>
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Net change in cash (259,236)

Cash, beginning of year 264,141

Cash, end of year \$ 4,905

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
FROM OPERATING ACTIVITIES**

Operating loss	\$	(217,706)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation		384
Change in assets and liabilities:		
Grants receivable		(35,526)
Property held for resale		(119,491)
Prepaid expenses		(1,102)
Accounts payable and accrued liabilities		668
Unearned grant revenue		<u>6,461</u>

Net cash flows from operating activities \$ (366,312)

**TROY COMMUNITY LAND BANK**

**Notes to Basic Financial Statements**

**1. ORGANIZATION**

**Nature of Organization**

Troy Community Land Bank Corporation (Land Bank) was organized in 2014, and is governed by its articles of incorporation, bylaws and the laws of the State of New York. The Land Bank was established to facilitate the process of acquiring, improving and redistributing vacant and abandoned properties in the City of Troy (City). The Land Bank’s Board of Directors is comprised of a majority of individuals appointed by the City. The Land Bank is considered a component unit of the City for financial reporting purposes.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Land Bank’s financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus, in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Cash**

Custodial credit risk related to cash deposits 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 Land Bank’s investment policy, all deposits of the Land Bank 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 Land Bank had bank balances of \$6,607 at December 31, 2020 all of which are insured by the Federal Deposit Insurance Corporation (FDIC).

**Prepaid Expenses**

Prepaid expenses represent payments made by the Land Bank for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are reported in the statement of net position as an asset using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense is reported in the year the goods or services are consumed.

**Property Held for Sale**

The Land Bank primarily acquires its property held for sale from the City for the purpose of improving those properties and returning them to productive use on the property tax rolls. These properties are recorded at cost at the time of acquisition or if donated its acquisition value. Depending on the condition of the property at the time of acquisition, certain capital costs may be required to improve that property and ready it for resale. The additional capital costs are included in the value of the property.

**TROY COMMUNITY LAND BANK**

**Notes to Basic Financial Statements**

**Capital Assets, Net**

Capital assets are reported at historical cost. Donated assets are reported at estimated fair value at the time received. Capitalization thresholds, (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the statement of net position are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Furniture and equipment	\$500	SL	5-7 years

**Net Position Classifications**

In the financial statements, there are three possible classifications of net position:

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt, if any, that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - net position with the 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 Land Bank did not have restricted net position at December 31, 2020.

The unrestricted component of net position is net investment of capital assets or the restricted component of net position.

The Land Bank’s policy is to first utilize available restricted, when available, and then unrestricted resources in the conduct of its operations.

**TROY COMMUNITY LAND BANK**

**Notes to Basic Financial Statements**

**Classification of Revenue and Expense**

Operating revenues are those that result from the provision of services related to the Land Bank’s principal purposes, and are generally associated with exchange transactions. Nonoperating revenues result from activities that are not directly related to the Land Bank’s principle purposes, but that exist in order to support them, and generally consist of nonexchange transactions. Other additions arise from grants provided for capital improvements on properties held for resale and are non-exchange transactions.

**Grant Revenue – Attorney General**

The Land Bank currently has one grant totaling \$500,000 from the New York State Office of the Attorney General that covers the period January 1, 2019 through December 31, 2020. In 2020, the grant was modified to increase the grant by \$400,000 to cover the period January 1, 2019 through June 30, 2021. The grants are to be used for capital improvements to acquired properties, property maintenance and other operating expenses related to the acquired properties. The grants are paid on a periodic basis based on the estimated needs specifically related to the properties and includes adjustments for unspent funds from previous advances. Accordingly, funds received in advance of disbursement are recognized as unearned grant revenue and disbursements exceeding amounts received are recognized as grant receivable.

**Income Taxes**

The Land Bank is a not-for-profit local development corporation under Article 16 of New York State not-for-profit corporation law and is exempt from federal income taxes and New York State taxes.

**Use of Estimates**

The preparation of the 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of depreciation using useful lives of capital assets.

**2. PROPERTY HELD FOR SALE**

The Land Bank’s activity related to property held for sale during fiscal year ending December 31, 2020 is as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Purchased Property Acquisitions</u>	<u>Capital Improvements</u>	<u>Cost of Property Sales</u>	<u>Adjustment to Property Values</u>	<u>Balance at End of Year</u>
2020	\$ 448,909	\$ -	\$ 435,380	\$ (193,742)	\$ (122,147)	\$ 568,400

The Land Bank acquired 0 parcels of property in fiscal year 2020. The Land Bank sold 4 parcels of property in fiscal year 2020. In 2020 the four parcels of property were sold for total consideration of \$101,050 resulting in a loss on disposition of those properties of \$104,430.



**TROY COMMUNITY LAND BANK**

**Notes to Basic Financial Statements**

**3. CONCENTRATIONS**

The Land Bank received 79% of its revenue from the New York State Office of the Attorney General for the year ended December 31, 2020. At the present time, the Land Bank’s continued viability is reliant on the grants provided by the New York State Office of the Attorney General.

**4. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Land Bank is subject to various lawsuits and claims. Management believes that the ultimate resolution of these matters will not have a significant effect on the Land Bank’s financial position.

The Land Bank participates in a grant program. The program could be subject to financial and compliance audits and may be conducted in accordance with grantor requirements on a periodic basis. The amounts, if any, of expenses which may be disallowed by the granting agency cannot be determined at this time although the Land Bank believes, based upon its review of current activity, the amount of such disallowances, if any, will be immaterial.

The Land Bank has entered into an agreement with Social Enterprise and Training Center, Inc. (SEAT), to provide administrative assistance such as construction project consulting/management, preliminary construction cost estimating and general planning and consultation. The Land Bank also entered into a co-development agreement with SEAT for one property.

**5. COVID-19 PANDEMIC**

As of the date of this report, the United States is in the midst of a national health emergency related to a virus, commonly known as novel coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Land Bank and its future operations and financial position is not presently determinable.

**TROY COMMUNITY LAND BANK**

**Notes to Basic Financial Statements**

**6. PPP LOAN**

In May 2020, the Land Bank entered into a promissory note payable (direct borrowing) to financial institution in the amount of \$17,000. The note was entered into by the Land Bank as part of the U.S. Small Business Administration's Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Payment on the loan begins November 15, 2020 for 17 consecutive monthly principal and interest payments. The loan matures on May 15, 2022 and bears interest at 1% per year. The loan may be paid without all or a portion of the amount owed earlier than it is due.

The PPP provides for this borrowing, or a portion of the borrowing to be forgiven to the extent the Land Bank meets defined requirements related to expenditure of the funds and management of the Land Bank's personnel complement. Generally, the proceeds of the loan must be used to pay salaries, rent, utilities or mortgage interest in order to be forgivable. Through the date the financial statements were available to be issued, the Land Bank is unable to determine the amount of potential loan forgiveness. If no forgiveness is granted, the terms agreement requires the Land Bank to pay back the loan plus interest.

During the year ended December 31, 2020, the Land Bank did not make any payments or principal or interest on this loan.

Balance at Beginning of Year	Additions	Paid	Balance at December 31, 2020	Due within one year
\$ -	\$ 17,000	\$ -	\$ 17,000	\$ -

**7. CONSTRUCTION LOAN**

In March 2020, the Land Bank entered into a mortgage loan promissory note payable (direct borrowing) to financial institution in the amount of \$226,000. The term of the loan is 12 months, due April 2021. Interest only payable beginning April 2020. Loan to be paid within one year. The interest rate during the Construction Loan is floating at the Prime Rate (as published by the Wall Street Journal) plus 0.50%. There is a floor (minimum) interest rate of 5.00% at all times. Interest rate as of December 31, 2020 is 5%. The Land Bank had one draw down during 2020 and the balance at year-end was \$90,000.

Subsequent to year-end, the Land Bank made a second draw down of \$89,730 in January 2021.

Balance at Beginning of Year	Additions	Paid	Balance at December 31, 2020	Due within one year
\$ -	\$ 90,000	\$ -	\$ 90,000	\$ -

## **OTHER REQUIRED INFORMATION**

**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***

3/30/2021

To the Board of Directors of  
Troy Community Land Bank

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 Troy Community Land Bank Corporation (Land Bank), a component unit of the City of Troy, New York as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Land Bank's basic financial statements, and have issued our report thereon dated March 30, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Land Bank'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Land Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Land Bank'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, misstatement 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 statement 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.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Land Bank’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 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*.

**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