

TROY COMMUNITY LAND BANK

**Financial Statements as of
December 31, 2021
Together with Independent
Auditor's Reports**

Bonadio & Co., LLP
Certified Public Accountants

TROY COMMUNITY LAND BANK

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INDEPENDENT AUDITOR'S REPORT

April 8, 2022

To the Board of Directors of
Troy Community Land Bank

Opinion

We have audited 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, 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Land Bank, as of December 31, 2021, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Land Bank and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Land Bank's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Land Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Land Bank's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2022 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.

TROY COMMUNITY LAND BANK

Management's Discussion and Analysis (Unaudited) December 31, 2021

The following is a discussion and analysis of the Land Bank's financial performance for the fiscal year ended December 31, 2021. 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 \$190,002 this year. Much of this decrease is attributable to the Land Bank moving forward to newly constructed, fully renovated or stabilized 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 and other impacts resulting in suspension of work and delays related to illnesses, supply chain delays and other related issues, fewer properties were marketed for sale.
- Revenue from property sales in fiscal year 2021 was approximately \$81,100 a decrease of approximately \$19,950 from the approximately \$101,050 in property sales in fiscal year 2020.
- 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 2021 as compared to 2020.
- The delay of marketing properties for sale resulted in a deferment of revenues over a longer period of time than originally projected, which resulted in less revenue available to pay for operational expenses.
- Property held for sale was valued at approximately \$606,053 as of December 31, 2021.
- The Land Bank's primary revenue to support operations is from grant funds. These grant funds constitute 71% 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 \$45,697 at December 31, 2021 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, 2021****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, 2021 and 2020:

Summary of Net Position

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Current assets	\$ 964,068	\$ 1,119,383	\$ (155,315)	-14%
Non-current assets	<u>7,737</u>	<u>385</u>	<u>7,352</u>	1910%
Total assets	<u>971,805</u>	<u>1,119,768</u>	<u>(147,963)</u>	-13%
Current liabilities	<u>801,057</u>	<u>759,018</u>	<u>42,039</u>	6%
Total liabilities	<u>801,057</u>	<u>759,018</u>	<u>42,039</u>	6%
Net Position				
Net investment in capital assets	7,737	385	7,352	1910%
Unrestricted	<u>163,011</u>	<u>360,365</u>	<u>(197,354)</u>	-55%
	<u>\$ 170,748</u>	<u>\$ 360,750</u>	<u>\$ (190,002)</u>	-53%

In its eighth year of the Land Bank's existence, the Land Bank's net position decreased approximately \$190,002. 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 \$37,600. The increase in property held for resale is due to construction loan for 1 property which increased the property's value held for resale. Non-current assets increased due to capital assets.

Summary of Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenue:				
Sale of property	\$ 81,100	\$ 101,050	\$ (19,950)	-20%
Grants	288,817	393,540	(104,723)	-27%
Other income	<u>3,960</u>	<u>740</u>	<u>3,220</u>	435%
Total operating revenues	<u>373,877</u>	<u>495,330</u>	<u>(121,453)</u>	-25%
Operating Expenses	<u>598,795</u>	<u>713,036</u>	<u>(114,241)</u>	-16%
Operating loss	<u>(224,918)</u>	<u>(217,706)</u>	<u>(7,212)</u>	3%
Non-operating revenues:				
Other	<u>34,916</u>	<u>76</u>	<u>34,840</u>	45842%
Change in net position	<u>(190,002)</u>	<u>(217,630)</u>	<u>27,628</u>	-13%
Net position - beginning of year	<u>360,750</u>	<u>578,380</u>	<u>(217,630)</u>	-38%
Net position - end of year	<u>\$ 170,748</u>	<u>\$ 360,750</u>	<u>\$ (190,002)</u>	-53%

TROY COMMUNITY LAND BANK

Management's Discussion and Analysis (Unaudited) December 31, 2021

The Land Bank in its eighth year of operations saw a decrease in operating revenue. The decrease is due to selling three properties in fiscal year 2021, which was a decrease from the four properties sold in fiscal year 2020. In addition, the Land Bank acquired zero parcels of property equal to the zero acquired in 2020 with a total inventory at December 31, 2021 of fifteen properties. This activity affected operating expenses, decreasing them by approximately \$114,241.

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, 2021

ASSETS

Cash	\$	42,833
Grants receivable		306,208
Property held for sale		606,053
Prepaid expenses		<u>8,974</u>
Total current assets		<u>964,068</u>
Capital assets, net		<u>7,737</u>
Total assets		<u>971,805</u>

LIABILITIES

Accounts payable		100,217
Accrued liabilities		25,538
Construction loan		145,000
Other loans		220,026
Payroll liabilities		4,068
Unearned grant revenue		<u>306,208</u>
Total current liabilities		<u>801,057</u>
Total liabilities		<u>801,057</u>

NET POSITION

Net investment in capital assets		7,737
Unrestricted - property held for resale		606,053
Unrestricted - deficit		<u>(443,042)</u>
	\$	<u><u>170,748</u></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, 2021**

OPERATING REVENUE

Sale of property	\$	81,100
Grant revenue		288,817
Donations and other		<u>3,960</u>
Total operating revenue		<u>373,877</u>

OPERATING EXPENSES

Cost of property sold		86,594
Property held for sale valuation adjustment		119,184
Property maintenance		54,169
Salaries and benefits		101,656
Professional fees		161,031
Insurance		48,309
Office and administrative		24,409
Dues and subscriptions		1,519
Depreciation		1,799
Property taxes		<u>125</u>
Total operating expenses		<u>598,795</u>

Operating loss (224,918)

NON-OPERATING REVENUE:

Forgiveness of debt - PPP Loan		34,915
Interest		<u>1</u>
Total non-operating revenue		34,916

CHANGE IN NET POSITION (190,002)

NET POSITION - beginning of year 360,750

NET POSITION - end of year \$ 170,748

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, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from property sales	\$	81,100
Grant revenue		238,828
Other receipts		3,960
Payments to employees for salaries and benefits		(97,070)
Payments to vendors for goods and services		<u>(472,682)</u>

Net cash flows from operating activities (245,864)

CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING

Proceeds from PPP loan		17,915
Proceeds from other loans		220,026
Proceeds from construction loan		<u>55,000</u>

Net cash flows from capital and related financing activities 292,941

CASH FLOWS FROM CAPITAL AND RELATED FINANCING

Capital assets		<u>(9,150)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Receipts from interest earnings		<u>1</u>
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Net change in cash 37,928

Cash, beginning of year 4,905

Cash, end of year \$ 42,833

RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES

Operating loss	\$	(224,918)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation		1,799
Change in assets and liabilities:		
Grants receivable		229,318
Property held for resale		(37,653)
Prepaid expenses		1,578
Accounts payable and accrued liabilities		63,319
Unearned grant revenue		<u>(279,307)</u>

Net cash flows from operating activities \$ (245,864)

SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:

Cost of property sold not acquired with cash	\$	<u>205,778</u>
Forgiveness of debt - PPP loan	\$	<u>17,000</u>

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 \$45,697 at December 31, 2021 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, 2021.

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.

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.

TROY COMMUNITY LAND BANK

Notes to Basic Financial Statements

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. Accordingly, no income tax provision has been made.

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, 2021 is as follows:

Fiscal Year	Balance at Beginning of Year	Purchased Property Acquisitions	Capital Improvements	Cost of Property Sales	Adjustment to Property Values	Balance at End of Year
2021	\$ 568,400	\$ -	\$ 237,837	\$ (81,000)	\$ (119,184)	\$ 606,053

The Land Bank acquired 0 parcels of property in fiscal year 2021. The Land Bank sold 3 parcels of property in fiscal year 2021. In 2021 the 3 parcels of property were sold for total consideration of \$81,100 resulting in a gain on disposition of those properties of \$100.

3. CONCENTRATIONS

The Land Bank received 77% of its revenue from the New York State Office of the Attorney General for the year ended December 31, 2021. At the present time, the Land Bank’s continued viability is reliant on cash from the Attorney General grants and support from the City of Troy.

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.

TROY COMMUNITY LAND BANK

Notes to Basic Financial Statements

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.

A mechanic's lien has been filed against one property that is anticipated to be sold in the first half of 2022. The Land Bank anticipates resolving the lien issues and moving forward with closing on the property. Should the lien issues not be resolved, the property may not be able to be sold.

5. COVID-19 PANDEMIC

As of the date of this report, the United States and the area served by the Land Bank continues to be affected by 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.

6. DEBT

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 owned earlier than it is due. During fiscal year 2021, this loan was forgiven and the \$17,000 balance was recognized as non-operating revenue.

In January 2021, the Land Bank entered into a promissory note payable (direct borrowing) to Northern Credit Union in the amount of \$17,915. 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. The note has a "deferral period" which ends on the date that is 10 months after the funds are disbursed. The loan matures 5 years from the date of this Note and bears interest at 1% per year. The loan may be repaid at anytime without penalty. During fiscal year 2021, this loan was forgiven and the \$17,915 balance was recognized as non-operating revenue.

Balance at Beginning of Year	Additions	Deletions	Balance at December 31, 2021	Due within one year
\$ 17,000	\$ 17,915	\$ (34,915)	\$ -	\$ -

TROY COMMUNITY LAND BANK

Notes to Basic Financial Statements

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 December 2021. As of the date of this report, this loan has not been repaid. 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, 2021 is 5%. The Land Bank had a draw down during 2021 and the balance at year-end was \$145,000.

Balance at Beginning of Year	Additions	Paid	Balance at December 31, 2021	Due within one year
\$ 90,000	\$ 55,000	\$ -	\$ 145,000	\$ -

Ameristar Loans

In April 2021, the Land Bank entered into a mortgage note payable (direct borrowing) to financial institution in the amount of \$80,000. The term of the loan is 12 months, due May 2022. Interest only payable beginning May 2021 and all outstanding interest due the 1st of every month, with principal due at maturity. The interest rate during the loan is fixed at 14.25%. The balance at year-end was \$80,000.

In December 2021, the Land Bank entered into a mortgage note payable (direct borrowing) to financial institution in the amount of \$120,000. The term of the loan is 12 months, due January 2023. The entire loan balance is shown as current as the loan will be repaid upon sale of mortgaged property. Interest only payable beginning January 2022 and all outstanding interest due the 1st of every month, with principal due at maturity. The interest rate during the loan is fixed at 14.25%. The balance at year-end was \$120,000.

Balance at Beginning of Year	Additions	Paid	Balance at December 31, 2021	Due within one year
\$ -	\$ 200,000	\$ -	\$ 200,000	\$ 80,000

TROY COMMUNITY LAND BANK

Notes to Basic Financial Statements

Community Loan Fund

In October 2021, the Land Bank entered into a revolving loan (direct borrowing) in the amount of \$55,000. The term of the loan is 3 months from the closing of the loan, due February 2022. As of date of this report, this loan has not been repaid. Monthly interest only payments with all outstanding interest due the 1st of each month, with principal and fees due at maturity. The interest rate during the loan is fixed at 6.50%. The Land Bank had a draw down during 2021 and the balance at year-end was \$20,026. The loan is past due. Certain covenants have not been met and the loan is now payable upon demand. The Land Bank intends to repay the loan contingent upon sale of certain inventory.

Balance at Beginning of Year	Additions	Paid	Balance at December 31, 2021	Due within one year
\$ -	\$ 20,026	\$ -	\$ 20,026	\$ 20,026

OTHER REQUIRED REPORT

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

April 8, 2022

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, 2021, 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 April 8, 2022.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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.