

2016 ANNUAL REPORT

Delivered March 16, 2017



**TROY COMMUNITY
LAND BANK**

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MISSION STATEMENT, GOALS AND TARGET AREA

Mission Statement:

The Troy Community Land Bank's ("TCLB") core purpose is to acquire and redevelop vacant, abandoned and under-utilized properties through community partnerships and strategic planning. Our overall goal is to encourage economic growth, long-term sustainability and new opportunities for all of Troy's residents and businesses so that together we can build stronger neighborhoods and enjoy a greater quality of life. The TCLB has strategically identified areas of the city where it will focus its efforts and apply funds from the New York State Attorney General grant for demolition, stabilization and rehabilitation activities.

Goals:

The goals of the TCLB are to involve community partners and stakeholders in the mission of the Land Bank; work collaboratively with the City of Troy to stimulate neighborhood development through the acquisition, rehabilitation and/or demolition of tax-foreclosed and vacant properties; develop, participate in or strengthen home ownership programs that complement current programs utilized by the City of Troy; and become a catalyst in the improvement of the quality of life for our residents.

Target Area:

Census Tract 404: TCLB's primary geographic focus. This tract is a highly distressed zone and is recognized as an Opportunity Agenda area by the Capital Region Economic Development Council. \$2.5 million in Community Development Block Grant funding in this tract has concentrated on infrastructure improvements and replacement. It is also an area that is contiguous to a developing commercial district with access to employment, training, education and transportation. With many large vacant structures in the neighborhood, redevelopment has been difficult due to safety concerns and aesthetic issues. Improvement to the surrounding streets and properties adjacent to these development projects will enhance the streetscape, improve property values and preserve our historic character. By working to improve housing options, access to employment and recreation, quality of life issues will be addressed and a highly distressed neighborhood can be diversified and stabilized. A highly distressed area—the most distressed in the Capital Region—the median income in Census Tract 404 is \$22,500 versus \$69,968 for New York State (NYS). The median age in this neighborhood is 28, 10 years younger than the median for NYS and the U.S. 74% of the neighborhood population (25 years and older) are high school graduates or less. 52% of the population lives below the poverty level as compared to 15% in NYS and the U.S. overall. There's much work to be done. Quality housing stock is imperative—60% of Census Tract 404's population is renting. Neighborhood services, walkability and access to transportation and education are imperative as over 50% of the population do not own private vehicles.

2016 BOARD OF DIRECTORS

Heather King - *Chair*
Dylan Medlock-Turek - *Vice-chair*
Frank Sarratori - *Treasurer*
Brian Barker - *Member*
John Carmello - *Member*
Andrew Cooper - *Member*
Bruce Dee - *Member*
Richard Herrick - *Member*
Jeanette Nicholson - *Member*
Suzanne Spellen - *Member*

Corporation Staff

Joe Fama - *Executive Director*
Chris Brown - *Planning & Operations Manager*

Corporation Counsel

Catherine Hedgeman

Corporation Auditors

Marvin & Company

Corporation Accountants

Kumlander, et. al

COMPENSATION SCHEDULE

No corporation employees were compensated in excess of one hundred thousand dollars (\$100,000) during Fiscal Year 2016.

2016 BOARD COMMITTEES AND MEMBERSHIP

Governance Committee

Heather King, John Carmello, Bruce Dee, Richard Herrick

Finance Committee

Frank Sarratori, Bruce Dee, Dylan Medlock-Turek, John Carmello

Audit Committee

Frank Sarratori, Bruce Dee, Dylan Medlock-Turek, John Carmello

Hiring Committee

Suzanne Spellen, Heather King, Andrew Cooper, Richard Herrick

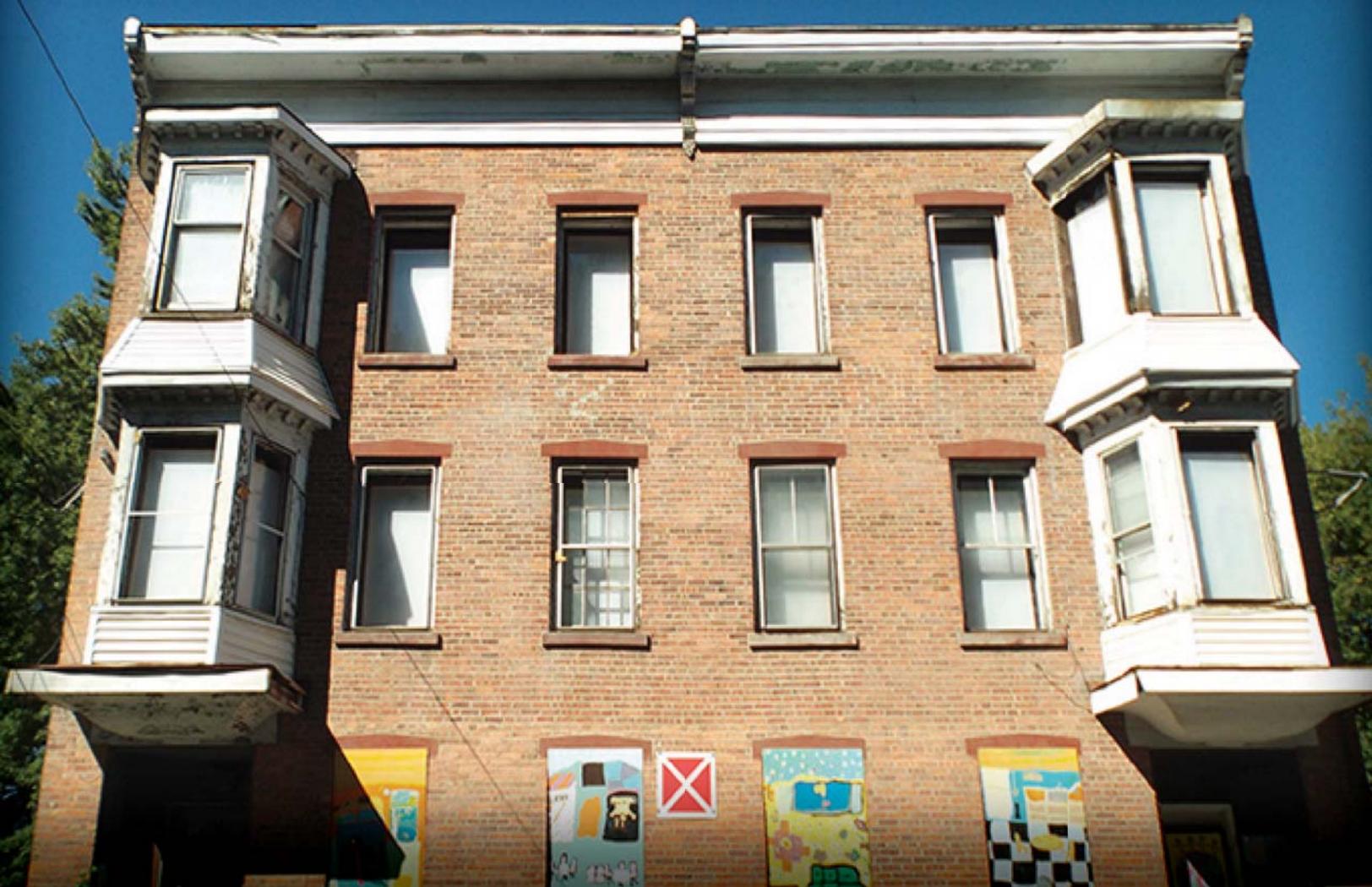
Acquisition-Disposition Committee

Heather King, Dylan Medlock-Turek, Frank Sarratori, Brian Barker

2016 BOARD OF DIRECTORS MEETINGS & ATTENDANCE

All Board of Directors meetings are open to the public.

- **January 20, 2016 Attendance:** Heather King, Dylan Turek, Frank Sarratori, Brian Barker, John Carmello, Richard Herrick, David Martin, Suzanne Spellen
- **February 17, 2016 Attendance:** Heather King, Dylan Turek, Frank Sarratori, Brian Barker, John Carmello, Richard Herrick, David Martin
- **March 16, 2016 Attendance:** Heather King, Dylan Turek, Frank Sarratori, John Carmello, Nina Glandz, Richard Herrick, Suzanne Spellen
- **April 20, 2016 Attendance:** Heather King, Dylan Turek, Frank Sarratori, Bruce Dee, Nina Glandz, Richard Herrick, Suzanne Spellen
- **May 18, 2016 Attendance:** Heather King, Frank Sarratori, Brian Barker, John Carmello, Andrew Cooper, Bruce Dee, Nina Glandz, Richard Herrick, Suzanne Spellen
- **June 15, 2016 Attendance:** Heather King, Dylan Turek, Frank Sarratori, Brian Barker, John Carmello, Andrew Cooper, Bruce Dee, Richard Herrick
- **July 20, 2016 Attendance:** No quorum; meeting canceled.
- **August 17, 2016 Attendance:** Heather King, Dylan Turek, Brian Barker, John Carmello, Andrew Cooper, Bruce Dee, Richard Herrick, Jeanette Nicholson
- **September 21, 2016 Attendance:** Heather King, Dylan Turek, Frank Sarratori, Brian Barker, John Carmello, Andrew Cooper, Bruce Dee, Richard Herrick, Jeanette Nicholson, Suzanne Spellen
- **October 19, 2016 Attendance:** Heather King, Dylan Turek, Frank Sarratori, John Carmello, Andrew Cooper, Bruce Dee, Richard Herrick, Jeanette Nicholson, Suzanne Spellen
- **November 16, 2016 Attendance:** Heather King, Dylan Turek, Frank Sarratori, Brian Barker, John Carmello, Jeanette Nicholson, Suzanne Spellen
- **December 21, 2016 Attendance:** Heather King, Dylan Turek, Brian Barker, John Carmello, Andrew Cooper, Bruce Dee, Richard Herrick, Jeanette Nicholson, Suzanne Spellen



2016

ACCOMPLISHMENTS

Property Acquisitions:

In 2016, the TCLB purchased nineteen (19) parcels from the City of Troy. These parcels include nine (9) buildings and ten (10) vacant lots. Additionally, the TCLB purchased one building and two lots from private sellers.

Several (10) of these parcels were acquired via a codevelopment agreement between the City of Troy and the TCLB, stating that the TCLB would fund the demolition of blighted properties, receiving the deeds to the parcels once the demolitions were completed.

Rehabilitation:

The TCLB undertook several building stabilization projects, repairing and/or replacing failing roofs, rebuilding crumbling masonry, and removing unstable additions. Further, the TCLB entered into agreements with local architects and contractors for comprehensive stabilization work at three properties: 48 Ida Street, 3319 Sixth Avenue and 822 River Street. This work will be completed by the end of quarter one in 2017.

TCLB is also collaborating with Capital District Habitat for Humanity to rehabilitate two historic, multi-family brownstone buildings at 3320 and 3322 Sixth Avenue.

In quarters two and three of 2017, the TCLB will seek to stabilize and/or rehabilitate an additional ten (10) buildings.

Community Partners/ Stakeholders:

The TCLB joined with several housing and community development nonprofit partners in forming a steering committee for the Empire State Poverty Reduction Initiative, a comprehensive \$1.5 million grant with a stated objective of reducing the rate and impact of poverty within one of Troy's most distressed neighborhoods.

The TCLB has contracted with the Troy Residential Improvement Program for property management services. These services range from lawn mowing and snow clearing to debris removal and board ups. This agreement allows the TCLB to anticipate and quickly respond to many issues regarding our property inventory.

2016

PROPERTY INVENTORY

Purchased from the City of Troy:

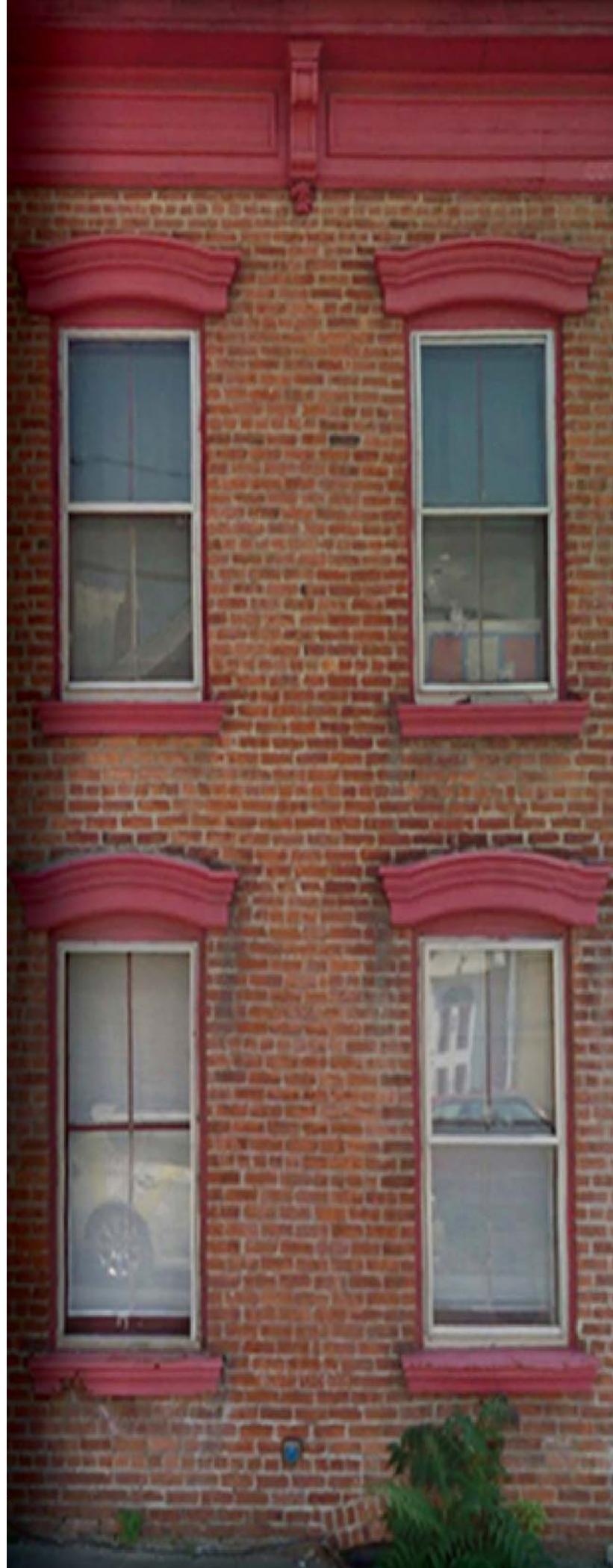
• 812 River Street	Vacant Land
• 822 River Street	3 Unit
• 791 River Street	Mixed Use
• 785 River Street	3 Unit
• 102 W. Glen Avenue	Vacant Land
• 790 River Street	Vacant Land
• 806-808 River Street	Vacant Land
• 3319 Sixth Ave	3 Unit
• 3320 Sixth Ave	3 Unit
• 3322 Sixth Ave	3 Unit
• 29 Park Ave	3 Unit
• 67 Fifth Ave	2 Unit
• 71 Fifth Ave	2 Unit
• 899 River Street	2 Unit
• 3032 Seventh Ave	1 Unit
• 3036 Seventh Ave	2 Unit
• 3209-3211 Seventh Ave	Apartment
• 61-63 Ingalls Ave	4 Unit
• 3 Cragin Ave	Vacant Land
• 16 Cragin Ave	Vacant Land
• 47 Glen Ave	Vacant Land
• 326 First Street	Vacant Land
• 186 Hill Street	Vacant Land
• 1029 Sixth Avenue	Vacant Land
• 76 Tyler Street	Vacant Land
• 2518 Fifth Avenue	Vacant Land
• 9 & 11 Park Avenue	Vacant Land

Purchased from Private Owners:

• 810 River Street	Vacant Land
• 836 River Street	3 Unit
• 409 Second Street	Vacant Land

Purchased from Private Owners:

• 49 Adams Street	2 Unit
• 48 Ida Street	2 Unit





2017 PERFORMANCE OBJECTIVES

Staff:

In 2016, the TCLB hired its first two employees: a part-time Executive Director and a part-time Planning & Operations Manager. Joe Fama, formerly the Executive Director of the Troy Architectural Program (TAP, Inc.), was selected to fill the former role. Mr. Fama brings over 40 years of nonprofit, architectural and project management experience to the TCLB.

Chris Brown continues his work with the TCLB, now in the Planning & Operations Manager capacity. Mr. Brown offers his experience managing the City of Troy's Vacant Building Registry and overseeing the daily operations of the TCLB, as well as an academic background in Public Policy and Urban Planning.

In 2017, the TCLB will hire a full-time Executive Director.

Property Acquisitions:

The TCLB will continue to acquire vacant buildings and lots, primarily through the City of Troy's foreclosure sales process. Additionally, the TCLB will expand its target area beyond the North Central neighborhood, acquiring parcels which are distressed, not attracting private investment and inflicting a hardship on the surrounding community.

Property Dispositions:

The TCLB sold three properties in 2016; one to an owner-occupant, and two to Habitat for Humanity. All three buildings are currently undergoing renovation. The TCLB has as a target an additional eight (8) building sales in 2017, as well as ten (10) vacant lot sales.

Demolition:

In collaboration with the City of Troy, the TCLB demolished ten (10) buildings in 2016, and completed a partial demolition of one additional building. The resulting vacant lots were added to the TCLB's property inventory, and the vast majority of these lots are being marketed as side lots for adjoining property owners. In 2017, the TCLB will continue to remove blighted buildings from the urban landscape, perhaps as many as ten (10) more buildings.

Neighborhood Plan:

The TCLB will increase its efforts to engage neighborhood stakeholders in developing an overall vision for the North Central neighborhood. A portion of the vacant lots in the TCLB inventory are being held for future development, and these lots will play a large role in guiding the future of the TCLB target area.

COMMUNITY PARTNERS/STAKEHOLDERS

- **City of Troy:** The City of Troy is the Land Bank’s sponsoring municipality. It was the prime mover in creating the Land Bank in 2014, and has been a full and active partner since that time. The Mayor and the City Council are each responsible to appoint members to the Land Bank’s Board of Directors, and have stayed active, interested and supportive ever since.
In the first year of operation, the Land Bank worked from City Hall and was exclusively staffed by City Employees. The time and facilities were donated. The City’s LDC and IDA each made major contributions to provide start-up funds.
The City administers all of the land bank’s demolition projects. The buildings are demolished, the TCLB reimburses the City for the cost and the parcels are transferred to the Land Bank for sale as side yards.
- **TAP:** The Land Bank will continue to utilize TAP for assessments of TCLB real property acquisitions, providing the TCLB professional evaluations of and reports regarding stabilization, renovation and/or demolition scopes of work and cost estimates. In 2016, TCLB and TAP entered into an agreement for the stabilization of three properties; this work is currently underway.
- **TRIP:** In conjunction with New York State Homes and Community Renewal (“NYSHCR”) and the State of New York Mortgage Agency (“SONYMA”), the TCLB is participating in the New York State Neighborhood Revitalization Purchase Program, which provides up to \$20,000 in “gap financing” for home repairs to qualifying homebuyers. TCLB remains a key partner in the SONYMA program, identifying prospective buildings for homebuyers.
- **Capital District Habitat for Humanity:** The local chapter of a well-established national nonprofit organization, Capital District Habitat for Humanity has entered into a co-development agreement with the TCLB for rehabilitating two buildings for single family owner occupied housing. These two buildings, 3320 and 3322 Sixth Avenue, are currently being rehabilitated by Habitat, with a portion of the funding provided by the TCLB.



TROY COMMUNITY LAND BANK

The Troy Community Land Bank encourages economic growth, long-term sustainability and new opportunities for all of Troy’s residents and businesses so that we can build stronger neighborhoods and enjoy a greater quality of life.

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Troy Community Land Bank
Balance Sheet
 As of December 31, 2016

	Dec 31, 16
ASSETS	
Current Assets	
Checking/Savings	
10000 · Checking, Payroll	9,939.39
10010 · Checking - General	82,654.90
10020 · OAG Funding	112,525.94
10050 · Financial Institutions Donation	40,420.69
10055 · Reserves - MMMkt	30,005.93
Total Checking/Savings	275,546.85
Other Current Assets	
14000 · Property Inventory	
14010 · Property Purchase (Assessment)	113,483.22
14020 · Property Recording Fees	3,254.20
14030 · Property Inspections	24,390.75
14050 · Property Debris Removal	15,614.00
14060 · Demolition	242,200.00
14070 · Property Appraisal	3,500.00
14090 · Property External Improvements	13,439.00
Total 14000 · Property Inventory	415,881.17
14015 · Property Purchase Cost (Paid)	39,049.52
Total Other Current Assets	454,930.69
Total Current Assets	730,477.54
Fixed Assets	
15100 · Computers	1,559.00
17000 · Accumulated Depreciation	-21.00
Total Fixed Assets	1,538.00
TOTAL ASSETS	732,015.54
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	-253.26
Total Accounts Payable	-253.26
Other Current Liabilities	
23000 · Deferred Revenue	504,513.00
24000 · Payroll Liabilities	
24100 · FICA/Medicare	657.04
24200 · Federal Withholding	753.12
24300 · NYS Withholding	309.15
24400 · Disability Insurance	26.77
Total 24000 · Payroll Liabilities	1,746.08
Total Other Current Liabilities	506,259.08
Total Current Liabilities	506,005.82
Total Liabilities	506,005.82
Equity	
31000 · Unrestricted Net Assets	212,635.62
Net Income	13,374.10
Total Equity	226,009.72
TOTAL LIABILITIES & EQUITY	732,015.54

Troy Community Land Bank
Profit & Loss YTD Comparison
December 2016

	Dec 16	Jan - Dec 16
Ordinary Income/Expense		
Income		
40000 · State Grants		
40010 · Attorney General Grant	0.00	122,474.00
Total 40000 · State Grants	0.00	122,474.00
40220 · Refunds	0.00	163.00
40250 · Private Donations	0.00	10,000.00
40500 · Investment/Interest Income	7.77	51.52
41000 · Property Sale Income	0.00	20,000.00
Total Income	7.77	152,688.52
Cost of Goods Sold		
50000 · Cost of Goods Sold	0.00	190.00
51000 · Acquisition Cost (Capital)	0.00	1,500.00
54000 · Professional Project Svcs		
54100 · Project Management	4,227.27	4,227.27
54200 · Architectural Services	15,483.22	15,483.22
54000 · Professional Project Svcs - Other	0.00	141.54
Total 54000 · Professional Project Svcs	19,710.49	19,852.03
58000 · Sales Expenses	0.00	2,237.41
Total COGS	19,710.49	23,779.44
Gross Profit	-19,702.72	128,909.08
Expense		
66000 · Dues and Subscriptions	0.00	1,500.00
67000 · Employee Benefits		
67100 · Disability	0.00	10.80
Total 67000 · Employee Benefits	0.00	10.80
69000 · Insurance Expense		
69600 · Property Insurance	381.69	6,419.93
69700 · Office Insurance	0.00	358.34
69000 · Insurance Expense - Other	0.00	32,873.00
Total 69000 · Insurance Expense	381.69	39,651.27
71000 · Internet/Web Expense	0.00	28.91
72000 · Meetings	0.00	200.00
74000 · Office Expenses		
74100 · Office Supplies	0.00	713.59
74200 · Equipment	0.00	328.99
74500 · Space Rent	350.00	1,400.00
Total 74000 · Office Expenses	350.00	2,442.58
76000 · Payroll Expenses		
76100 · FICA/Medicare Expense	0.00	1,420.78
76150 · NYS Unemployment Insurance	0.00	584.50
76160 · Federal Unemployment	0.00	59.35
76200 · Disability Insurance Expense	0.00	-10.80
Total 76000 · Payroll Expenses	0.00	2,053.83

Troy Community Land Bank
Profit & Loss YTD Comparison
December 2016

	Dec 16	Jan - Dec 16
78000 · Professional Services		
78100 · Accounting	2,843.86	11,228.86
78200 · Attorney	1,487.69	18,494.22
78400 · IT	365.00	365.00
78500 · Marketing	2,150.00	6,149.54
78600 · Payroll Processing	63.22	251.40
78800 · Administration	0.00	2,329.45
78900 · Title Services	0.00	446.00
Total 78000 · Professional Services	6,909.77	39,264.47
80000 · Salaries		
80100 · Fama, Joseph B	2,648.44	22,929.71
80200 · Brown, Christopher M	614.25	4,231.50
Total 80000 · Salaries	3,262.69	27,161.21
81000 · Tax & Filing Fees (Admin)	0.00	1,977.00
81500 · Tax on Property		
81510 · School Tax	0.00	868.51
Total 81500 · Tax on Property	0.00	868.51
85000 · Web Services	188.20	376.40
99000 · VOID	0.00	0.00
Total Expense	11,092.35	115,534.98
Net Ordinary Income	-30,795.07	13,374.10
Net Income	<u>-30,795.07</u>	<u>13,374.10</u>

NYS Office of the Attorney General Land Bank Program

Program Budget

Troy Community Land Bank

Activity	Total OAG	2015 Q1			2015 Q2		
		Activity / Deliverable / #	OAG Funds	Total Funds	Activity / Deliverable / #	OAG Funds	Total Funds
Administration							
Executive Director	\$56,278.36	city supported position			city supported position		
Project Manager	\$11,042.25	city supported position			city supported position		
Payroll	\$19,198.19						
marketing	\$3,371.92	no activity			marketing design		
website development	\$6,028.91	initiate RFP/contract			creation of website		
acquisitions	\$61,539.30	7 properties	\$15,739.52				
legal	\$49,167.08		\$25.00			\$6,682.50	
insurance	\$110,146.15		\$29,350.15			\$447.00	
Demolition							
physical demolition	\$396,700.00						
EER & SHPO	\$11,230.00						
	\$0.00						
Expected Dispositions							
Rehabilitation							
Stabalization of units	\$336,833.47						
renovation of assessed properties	\$130,000.00						
planning docs mixed use	\$10,000.00						
property assessment report	\$13,170.00						
Expected Sales/Dispositions							
Other							
	\$15,800.26						
construction of recreation/ped area	\$10,000.00						
	\$0.00						
Maintenance & Upkeep	\$17,242.11						
	\$0.00						
Total	\$1,257,748.00		\$45,114.67			\$7,129.50	

	2015 Q3		2015 Q4			2016 Q1		
	Activity / Deliverable / #	Total Funds	Activity / Deliverable / #	OAG Funds	Total Funds	Activity / Deliverable / #	OAG Funds	Total Funds
Administration								
Executive Director	city supported		city supported position			Executive Director		
Project Manager	city supported		Project Manager			Project Manager		
marketing	marketing design		marketing design & kit	\$385.00		marketing kit		
website development			add'l website design				\$1,003.12	
acquisitions			4 buildings - bids	\$632.00		3 buildings - purchase	\$2,175.00	
legal				\$6,152.50			\$9,002.09	
insurance				\$697.73			\$1,328.97	
Demolition								
physical demolition								
EER & SHPO						Phase 1 reports	\$2,030.00	
Expected Dispositions								
Rehabilitation								
Stabalization of units								
Stabalization of units			1 building - roof repair	\$864.00		1 building - reroof	\$8,075.00	
renovation of assessed properties								
planning docs mixed use								
property assessment report			physical assessment	\$13,170.00				
Expected Sales/Dispositions								
Other								
construction of recreation/ped area						NYLBA dues	\$1,500.00	
Maintenance & upkeep				\$133.50		debris removal (5)	\$10,050.00	
Total				\$22,034.73			\$35,164.18	

	2016 Q2		2016 Q3			2016 Q4		
	Activity / Deliverable / #	Total Funds	Activity / Deliverable / #	OAG Funds	Total Funds	Activity / Deliverable / #	OAG Funds	Total Funds
Administration								
Executive Director	Executive Director		Executive Director	\$6,178.38		Executive Director	\$5,550.32	
Planning & Operations Manager	P&O Manager		P&O Manager	\$1,517.25		P&O Manager	\$945.55	
Payroll Fees			Payroll Fees	\$2,367.40		Payroll Fees	\$1,550.79	
marketing				\$734.00			\$852.92	
website development				\$1,500.00			\$2,150.00	
acquisitions				\$4,682.00			\$36,090.78	
legal				\$2,330.38			\$3,928.25	
insurance				\$2,224.33			\$2,334.14	
Demolition								
physical demolition							\$246,700.00	
EER & SHPO							\$9,200.00	
Expected Dispositions								
Rehabilitation								
Stabalization of units							\$15,483.22	
renovation of assessed properties								
planning docs mixed - use								
property assessment report								
Expected Sales/Dispositions								
Other								
	Audit - Marvin & Co.					Audit - Marvin & Co.	\$5,293.86	
	2 months rent		2 months rent	\$350.00		Rent	\$700.00	
						Office Supplies	\$1,671.40	
						Accounting	\$535.00	
construction of recreation area								
Maintenance & upkeep				\$2,268.00				
Total				\$24,151.74			\$332,986.23	

	2017 Q1		2017 Q2			2017 Q3		
	Activity / Deliverable / #	Total Funds	Activity / Deliverable / #	OAG Funds	Total Funds	Activity / Deliverable / #	OAG Funds	Total Funds
Administration								
Executive Director	Executive Director	\$6,500.00	Executive Director	\$6,500.00		Executive Director	\$13,000.00	
Planning & Operations Manager	P&O Manager	\$1,800.00	P&O Manager	\$1,800.00		P&O Manager	\$1,800.00	
	Payroll Fees	\$2,740.00	Payroll Fees	\$2,710.00		Payroll Fees	\$7,070.00	
marketing				\$800.00			\$300.00	
website development								
acquisitions								
legal				\$3,100.00			\$3,100.00	
insurance				\$2,500.00			\$2,500.00	
demolition								
physical demolition			5 buildings - City codev	\$150,000.00				
EER & SHPO								
Expected Dispositions								
Rehabilitation								
Stabalization of units	3 buildings	\$75,000.00	5 buildings	\$114,881.00		5 buildings	\$114,881.00	
renovation of assessed properties	1 building - HH codev	\$65,000.00	1 building - HH codev	\$65,000.00				
planning docs mixed - use				\$10,000.00				
property assessment report								
expected sales/dispositions								
other								
construction of recreation area				\$10,000.00				
maintenance & upkeep				\$1,269.05			\$1,059.98	
Total		\$151,040.00		\$368,560.05			\$143,710.98	

2016 ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROLS

A. Define the Authority's Major Business Functions

The core purpose of the Troy Community Land Bank is to redevelop vacant, abandoned and under-utilized properties through community partnerships and strategic planning. Our goal is to encourage economic growth, long-term sustainability, and new opportunities for all of Troy's residents and businesses so that we can build stronger neighborhoods and enjoy a greater quality of life.

To achieve this, the Land Bank enters into business agreements with various subcontractors that rehabilitate and/or renovate properties in preparation for resale. Policies and procedures have been established that outline, detail and underscore the specific legal and regulatory steps the Land Bank must adhere to.

B. Determine the Risks Associated With its Operations

Land Bank management fully understands the various potential risks which may arise from carrying out its mission. These issues range from personal harm on Land Bank owned properties to fiscal malfeasance on the part of subcontractors and/or directors of the board.

C. Identify the Internal Control Systems in Place

The Troy Community Land Bank is committed to implementing the Internal Control Policy recommended by our auditor, Marvin Co. in its audit of the 2015 financial statement. This policy is referred to and reviewed at several points throughout the year, when a contract is entered into, severed or completed, or payment is tendered.

Troy Community Land Bank Internal Control and Finance Policy

This policy outlines the process by which the Troy Community Land Bank Corporation will safeguard the assets; check the accuracy and reliability of its accounting data, methods and financial reporting; promote the effectiveness and efficiency of its financial operations; ensure compliance with section 2931 of the New York State Public Authority law and internal control standards; and adherence to all policies.

I. Internal Control Officer

The Executive Director is designated the "Internal Control Officer" and shall work with the Finance, Audit and Governance Committees of the Land Bank to review this policy annually as required by law, evaluate the ongoing internal control system, and assess and monitor the implementation of any corrective actions. Collectively, the Executive Director and the Finance and Audit Committees shall produce an annual internal control assessment that will be included in the Annual report of the Land Bank as required by the Public Authorities law.

I. Definitions

- a. "Expense Originator:" the director/employee who originates payment authorization, and has personal knowledge of the vendor, requested payment and documentation to substantiate the expense.
- b. Authorized Check Signatories:" those employees and/or directors authorized by the board of

directors to sign checks. The TCLB Authorized Check signatories are the Chairperson, the treasurer and the executive Director.

c. "Payment Authorization Signatories:" those employees and/or directors authorized by the board of directors to sign the Payment authorization form to pay payment vouchers. The TCLB Authorized Payment Authorization signatories are the Chairperson, the treasurer and the executive Director.

II. Financial Procedures and Duties

A. EXPENSES

1. Payment Authorization

Invoices are reviewed by the Expense Originator who has direct knowledge of the purpose of the expense, the vendor and can verify the amount to be paid. The payment authorization voucher shall include the details of the vendor, product or service and the amount to be paid. Invoices or other appropriate documentation shall be attached. The Expense originator then signs and submits an expense payment voucher to be approved by the authorized payment signatories. If the Expense Originator is an employee, the expense voucher must be approved by the Executive Director and Treasurer. If the Expense Originator is the executive Director, the expense must be approved by the Chairperson and/or the Treasurer. All expenses in excess of \$10,000 shall require the Approval of at least two Payment Authorization Signatories. Checks for payment shall be issued by an authorized check signatory.

2. Credit/Debit Card expenses

Credit and/or debit cards may be issued to an employee for the official business of the Land Bank. All credit card expenses in excess of \$250 must be pre-approved by a Payment Authorization signatory. The Expense originator shall submit the credit/debit card expense for payment authorization pursuant to subsection (a) *above*. Expenses below \$250 may be made at the discretion of the employee for services, products or *vendor* payment. Payment upon any credit card statement must be reviewed and authorized by a Payment signatory.

3. Employee and Board member personal expenses

Employees and Board members may be reimbursed for expenses incurred that directly relate to carrying out the business of the Land Bank. All Employee and Board member expenses must be pre-approved by a Payment authorization signatory. Reimbursement checks made payable to an Employee other than the executive director may be signed by the Executive Director. If the reimbursement is to be made to the Executive Director, another Authorized check signatory must sign and approve the check reimbursement. If the reimbursement check is to be made payable to a Board Member, the Executive Director may be the Authorized check signatory.

4. Purchasing

The Executive Director may approve purchases to be made by the Land Bank for day-to-day operations (office supplies, computers, furniture etc.) up to \$500. Purchases of items over \$500 must be pre-approved by a Payment Authorization Signatory.

B. INCOME

1. Deposits

All deposits of purchase monies, donations, and closing costs must be reviewed by a Payment Authorization Signatory. other than the Executive Director. The Executive Director shall make said deposits upon the review and approval of the Authorized Payment Signatory.

2. Routine Cash Management

Internal transfers between accounts for routine case management may be approved and processed by an Authorized Payment Signatory and processed by an Authorized Check Signatory.

C. RECONCILIATION AND REVIEW

Bank Statements are reviewed by the Executive Director and shall be submitted to the bookkeeper for reconciliation. The statements and the reconciliation report shall be forwarded to the Finance Committee for review at monthly meetings. The Chairperson, Treasurer and Executive Director shall have online access to the accounting software to review and monitor transaction activity at any time.

D. ANNUAL REVIEW

This policy shall be reviewed annually and the Audit committee shall be responsible for establishing and maintaining for the Land Bank, a system of internal control and a program of internal control review. The program of internal review shall be designed to identify internal control weaknesses, identify actions that are needed to correct these weaknesses, monitor the implementation of necessary corrective actions and periodically assess the adequacy of the authority's ongoing internal controls.

The audit Committee shall also make available to each member, officer and employee a clear and concise statement of the generally applicable managerial policies and standards with which he or she is expected to comply. Such statement shall emphasize the importance of effective internal control to the authority and the responsibility of each member, officer and employee for effective internal control.

The Audit Committee shall implement education and training efforts to ensure that members, officers and employees have achieved adequate awareness and understanding of internal control standards and, as appropriate, evaluation techniques.

D. Assess the Extent to Which the Internal Control System is Effective

The Land Bank's internal control system is effective in considering, vetting and awarding contracts and assorted payments. The use of Quick Books for recording transaction and issuing reports increased substantially in 2016, with the result being a marked improvement in accountability. The voucher system, while much improved, remains an area the Land Bank is determined to further improve. Coordination of the budget and reporting process is another area that has been improving since the last quarter of 2016.