

ALBANY COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of
Albany, New York)

Financial Statements As of
December 31, 2022
Together With Independent
Auditor's Reports

Bonadio & Co., LLP
Certified Public Accountants

ALBANY COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of Albany, New York)

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INDEPENDENT AUDITOR'S REPORT

March 13, 2023

To the Board of Directors of
Albany County Land Bank Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Albany County Land Bank Corporation (Land Bank), a discretely presented component unit of the County of Albany, New York, (County), as of and for the year ended December 31, 2022, 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, 2022, and the changes in 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.

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.

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 March 13, 2023 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.

ALBANY COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of Albany, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2022

The following is a discussion and analysis of the Land Bank's financial performance for the fiscal year ended December 31, 2022. 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 \$3,162,319 this year. Much of this decrease is attributable to a decrease in sales of properties of approximately \$338,000 and a decrease in fees and other revenues of approximately \$14,000. These revenue decreases were partially offset by a decrease in the cost of sales of approximately \$538,000. Contributions of donated property also decreased approximately \$1,500,000 compared to 2021. The Attorney General Grant ending in fiscal year 2021 also contributed to the decrease in net position, but to offset that grant ending, the Land Bank did receive two new grants in fiscal year 2022, the Cares Act grant and Land Bank Initiative Phase I funding.
- Property held for sale was valued at approximately \$2.2 million as of December 31, 2022.
- The Land Bank received grant funds that constituted 25% of its revenue and at the present time, the Land Bank's continued viability is reliant on these grants.

Overview of Financial Statements

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.

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, 2022 and 2021:

Summary of Net Position

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Assets	<u>\$ 8,474,534</u>	<u>\$ 10,389,467</u>	<u>\$ (1,914,933)</u>	-18%
Liabilities	<u>831,839</u>	<u>771,400</u>	<u>\$ 60,439</u>	8%
Deferred Inflows of resources	<u>1,087,047</u>	<u>-</u>	<u>\$ 1,087,047</u>	0%
Net Position				
Unrestricted - property held for sale	2,180,403	5,082,196	(2,901,793)	-57%
Unrestricted - available for operations	<u>4,375,245</u>	<u>4,635,771</u>	<u>(260,526)</u>	-6%
	<u>\$ 6,555,648</u>	<u>\$ 9,717,967</u>	<u>\$ (3,162,319)</u>	-33%

The Land Bank's net position decreased approximately \$3,162,319 compared to 2021. Assets decreased due to property held for sale decreasing approximately \$2,900,000 from 2021. The assets decrease was offset by an increase in grant receivables relating to the Cares Act grant and Land Bank Initiative Phase I grant funding of \$1,150,000.

Accounts payable decreased compared to 2021 due to the current year balance including amounts due to Albany County pursuant to Albany County Resolution 29 of 2019 for the current year of \$500,000 compared to \$600,000 in 2021. Deferred inflows of resources increased by approximately \$1,100,000 due the Cares Act grant and Land Bank Initiative Phase I funding that was awarded in 2022 but not spent compared to 2021.

Summary of Changes in Net Position

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenue:				
Sale of properties	\$ 883,637	\$ 1,221,936	\$ (338,299)	-28%
Grants	362,953	986,940	(623,987)	-63%
Other income	35,083	47,904	(12,821)	-27%
Total operating revenues	<u>1,281,673</u>	<u>2,256,780</u>	<u>(975,107)</u>	-43%
Operating Expenses	<u>4,601,257</u>	<u>4,821,641</u>	<u>(220,384)</u>	-5%
Operating loss	<u>(3,319,584)</u>	<u>(2,564,861)</u>	<u>(754,723)</u>	29%
Non-operating revenues:				
Forgiveness of debt	-	200,242	(200,242)	N/A
Interest	765	1,049	(284)	-27%
Total operating revenues	<u>765</u>	<u>201,291</u>	<u>(200,526)</u>	-100%
LOSS BEFORE CONTRIBUTIONS	(3,318,819)	(2,363,570)	(955,249)	40%
CONTRIBUTION - Donation of property for sale	<u>156,500</u>	<u>1,606,250</u>	<u>(1,449,750)</u>	-90%
CHANGE IN NET POSITION	(3,162,319)	(757,320)	(2,404,999)	318%
Net position - beginning of year	<u>9,717,967</u>	<u>10,475,287</u>	<u>(757,320)</u>	-7%
Net position - end of year	<u>\$ 6,555,648</u>	<u>\$ 9,717,967</u>	<u>\$ (3,162,319)</u>	-33%

The Land Bank's net position decreased \$3,162,319 this year. Much of this decrease is attributable to the combined effects of the economic impact of the COVID-19 pandemic and the governmental moratoriums which effectively ceased the transfer of new property inventory to the Land Bank. These factors are largely responsible for a reduction in sales of properties of approximately \$338,000 and a decrease in fees and other revenues of approximately \$14,000. Nonoperating revenue decreased by approximately \$200,000 relating to forgiveness of Paycheck Protection Program loans which ended in 2021. These revenue decreases were partially offset by a decrease in the cost of sales of approximately \$537,795. Contributions of donated property also decreased approximately \$1,500,000 compared to 2021. Although the Land Bank has been consistently reducing its reliance on state and local government grants, these economic impacts caused the Land Bank to increase its reliance on grants in 2022.

Economic Factors

The Community Revitalization Initiative grant funds that enabled the Land Bank to make the investments necessary to return vacant, abandoned or tax-foreclosed properties back to productive use have been fully depleted as of December 31, 2021. In fiscal year 2022, the Land Bank received the Land Bank Initiative grant funding to support services and expenses of the Land Bank and Homes and Community Renewal will allocate resources in two phases. Phase I will provide essential funding for Land Bank operations and non-capital expenses and Phase II will support expenses including property acquisition, building stabilization, demolition, pre-development, technical assistance and capacity building. The Land Bank received Cares Act grant from the County of Albany. The Land Bank was awarded \$1,000,000 to rehab three two-unit buildings.

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 Albany County Land Bank Corporation's Executive Director at 111 Washington Avenue, Suite 100, Albany, New York 12210.

ALBANY COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of Albany, New York)

Statement of Net Position
December 31, 2022

ASSETS

Cash and cash equivalents	\$ 4,580,317
Accounts receivable	255,210
Grants receivable	1,150,000
Property held for sale	2,180,403
Capital assets, net	203,196
Prepaid expenses	<u>105,408</u>
 Total assets	 <u>8,474,534</u>
 Total assets	 <u>8,474,534</u>

LIABILITIES

Accounts payable and accrued liabilities	620,986
Lease liability	203,196
Unearned revenue	<u>7,657</u>
 Total current liabilities	 <u>831,839</u>
 Total liabilities	 <u>831,839</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - CARES Act	937,047
Deferred inflows of resources - Land Bank Initiative	<u>150,000</u>
 Total deferred inflows of resources	 <u>1,087,047</u>
 Total liabilities and deferred inflows of resources	 <u>1,918,886</u>

NET POSITION

Unrestricted - property held for sale	2,180,403
Unrestricted - available for operations	<u>4,375,245</u>
 Total net position	 <u><u>\$ 6,555,648</u></u>

The accompanying notes are an integral part of these financial statements.

ALBANY COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of Albany, New York)

Statement of Revenue, Expenses and Change in Net Position
For the year ended December 31, 2022

OPERATING REVENUE:

Sale of properties	\$ 883,637
Grant revenue - State of New York	50,000
Grant revenue - County of Albany	250,000
Grant revenue - Federal	62,953
Other income	33,983
Fees and other revenues	<u>1,100</u>
 Total operating revenue	 <u>1,281,673</u>

OPERATING EXPENSES:

Cost of sales	2,014,405
Property maintenance and improvements	269,575
Salaries and benefits	527,366
Property tax recoveries paid to County	250,000
Property held for sale valuation adjustment	1,113,045
Insurance	157,005
Professional fees	169,752
Office and administrative	75,398
Property sale related	19,287
Travel	<u>5,424</u>
 Total operating expenses	 <u>4,601,257</u>

Operating loss	<u>(3,319,584)</u>
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NON-OPERATING REVENUE:

Interest	<u>765</u>
 Total non-operating revenue	 765

LOSS BEFORE CONTRIBUTIONS	(3,318,819)
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CONTRIBUTION - Donation of property for sale	<u>156,500</u>
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CHANGE IN NET POSITION	(3,162,319)
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NET POSITION - beginning of year	<u>9,717,967</u>
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NET POSITION - end of year	<u><u>\$ 6,555,648</u></u>
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The accompanying notes are an integral part of these financial statements

ALBANY COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of Albany, New York)

Statement of Cash Flows
For the year ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from property sales	\$ 878,427
Receipts from operating grants	300,488
Receipts from other operating activities	35,083
Payments to employees for salaries and benefits	(527,810)
Payments to vendors for goods and services	<u>(1,150,511)</u>
Net cash flows from operating activities	<u>(464,323)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Receipts from interest earnings	<u>765</u>
Net cash flows from investing activities	<u>765</u>

Net change in cash	(463,558)
Cash, beginning of year	<u>5,043,875</u>
Cash, end of year	<u>\$ 4,580,317</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:

Operating loss	\$ (3,319,584)
Cost of property sales/valuation adjustment (non-cash item)	3,127,450
Change in assets and liabilities and deferred inflows of resources:	
Accounts receivable	(5,210)
Grant receivable	(1,150,000)
Property held for sale	(69,157)
Prepaid expenses	(92,012)
Accounts payable and accrued liabilities	(43,345)
Unearned revenue	488
Deferred inflows or resources	<u>1,087,047</u>
Net cash flows from operating activities	<u>\$ (464,323)</u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:

Donation of property held for sale	<u>\$ 156,500</u>
Cost of property sold not acquired with cash	<u>\$ 3,127,450</u>

The accompanying notes are an integral part of these financial statements.

ALBANY COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of Albany, New York)

Notes to Basic Financial Statements

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Albany County Land Bank Corporation (Land Bank) was formed July 1, 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 County of Albany (County). The Land Bank's board of directors is comprised of individuals appointed by the County. The Land Bank is considered a discretely presented component unit of the County.

In May 2018, the Land Bank formed a single member New York limited liability corporation, ACLB Holdings, LLC (ACLB). ACLB was formed pursuant to the authority granted to Land Banks in Section 1607 of the New York State Not-For-Profit Law in order to mitigate potential risk and loss to the Land Bank related to certain properties which may be provided by the County or purchased. The Land Bank acquired 2 parcels during the year-ended December 31, 2022.

Basis For Presentation

The basic financial statements of the Land Bank have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial principles.

Measurement Focus and Basis of Accounting

The Land Bank operates as a proprietary fund and utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflow of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

The Land Bank utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

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 \$4,575,272 at December 31, 2022 of which \$507,169 was insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2022, the remaining bank balance was collateralized with securities held in the Land Bank's name.

ALBANY COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of Albany, New York)

Notes to Basic Financial Statements

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 County for the purpose of improving those properties and returning them to productive use on the tax rolls. These properties are recorded at one half the assessed value at the time of donation which management believes approximates acquisition cost. Depending on the condition of the property at the time of donation, certain capital costs may be required to improve that property and are added to the value of the property held for sale.

Property held for sale consists primarily of vacant, abandoned or tax foreclosed property donated to the Land Bank by Albany County. Property held for sale is valued at the lower of acquisition value or estimated market value. Market value is defined as estimated sales price based upon information available. Costs of property held for sale include acquisition value, renovation costs and other costs that enhance the property's market value.

Capital Assets, Net

Capital assets are reported at actual cost. Donated assets are reported at estimated acquisition cost at the time received. The Land Bank capitalizes furniture and equipment with cost of greater than \$1,000 and depreciates those assets on a straight-line basis generally over 5 years. The Land Bank does not implement a capitalization threshold for lease assets. Lease assets are amortized on a straight-line basis over the term of the lease.

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 is the net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions. The Land Bank did not have restricted net position as of December 31, 2022.

The unrestricted component of net position is net investment of capital assets and all other net position that does not meet the definition of restricted.

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

ALBANY COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of Albany, New York)

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 principal purposes, but that exist in order to support them, and generally consist of nonexchange transactions. Other additions arise from nonexchange transactions which provide for the value of donated properties and resources for related capital improvements and are non-exchange transactions.

Grant Revenue – County of Albany

The Land Bank received a \$250,000 grant from the County for administrative costs for the period ended December 31, 2022.

Grant Revenue

The Land Bank has been awarded various grants to promote community revitalization efforts and complete its recapitalization efforts and complete its rehabilitation projects. Payments under the grants are based on estimated needs of the Land Bank on a quarterly basis or based upon project budgets. Revenues under the grants are recognized as eligible project expenditures are incurred. Funds received in advance of disbursement are recognized as unearned grant revenue and disbursements exceeding amounts received are recognized as due from New York State.

In fiscal year 2022, the Land Bank received the Land Bank Initiative grant funding to support services and expenses of the Land Bank and Homes and Community Renewal will allocate resources in two phases. Phase I will provide essential funding for Land Bank operations and non-capital expenses and Phase II will support expenses including property acquisition, building stabilization, demolition, pre-development, technical assistance and capacity building.

In fiscal year 2022, the Land Bank received COVID-19 CARES Act funding from the County of Albany. The Land Bank was awarded \$1,000,000 to rehab three two-unit buildings.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for the deferred inflows of resources. The deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows or resources relate to CARES Act and Land Bank Initiative grant funding that has been awarded but not earned or collected in cash.

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.

ALBANY COUNTY LAND BANK CORPORATION
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Notes to Basic Financial Statements

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 assets and the fair value of donated property.

2. PROPERTY HELD FOR SALE

The Land Bank’s activity related to property held for sale during fiscal year ending December 31, 2022 is as follows:

Balance at January 1, 2022	Donated Property Acquisitions	Purchased Property Acquisitions	Capital Improvements	Cost of Property Sales	Donated Property Revaluation	Balance at December 31, 2022
\$ 5,082,196	\$ 156,500	\$ -	\$ 69,157	\$ (2,014,405)	\$ (1,113,045)	\$ 2,180,403

The Land Bank acquired 2 parcels of property during the year, donated at acquisition value. The Land Bank sold 123 parcels of property in the fiscal year 2022. The 123 parcels of property were sold for total consideration of \$883,637 resulting in a loss on disposition of those properties of \$2,243,813.

3. CONCENTRATIONS

The Land Bank received 25% of its operating revenue from state and local government grants for the year ended December 31, 2022.

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 grant programs. These programs 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 agencies 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.

ALBANY COUNTY LAND BANK CORPORATION
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Notes to Basic Financial Statements

5. REVENUE SHARING

For the year ended December 31, 2022, the Land Bank has recorded \$250,000 revenue sharing with Albany County calculated in accordance with the applicability criteria set forth in Albany County Resolution No. 29 of 2019 for real property transferred to the Albany County Land Bank Corporation from Albany County that was sold by the Albany County Land Bank Corporation between the period of January 1, 2022 through December 31, 2022. Final amount owed is subject to change and approval by the Albany County Legislature.

6. CAPITAL ASSETS, NET

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets, depreciated				
Computers	\$ 8,108	\$ -	\$ -	\$ 8,108
Total depreciable historical cost	<u>8,108</u>	<u>-</u>	<u>-</u>	<u>8,108</u>
Less accumulated depreciation	<u>(8,108)</u>	<u>-</u>	<u>-</u>	<u>(8,108)</u>
Total accumulated depreciation	<u>(8,108)</u>	<u>-</u>	<u>-</u>	<u>(8,108)</u>
Lease assets, being amortized				
Office space	-	207,147	-	207,147
Total lease assets, being amortized	<u>-</u>	<u>207,147</u>	<u>-</u>	<u>207,147</u>
Less accumulated amortization	<u>-</u>	<u>(3,951)</u>	<u>-</u>	<u>(3,951)</u>
Total accumulated amortization	<u>-</u>	<u>(3,951)</u>	<u>-</u>	<u>(3,951)</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ 203,196</u>	<u>\$ -</u>	<u>\$ 203,196</u>

Amortization expense for the year ended December 31, 2022 was \$3,951.

ALBANY COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of Albany, New York)

Notes to Basic Financial Statements

7. LEASES

The Land Bank leases office space from Advance Albany County Alliance Local Development Corporation. The lease commenced on December 1, 2022 and terminates October 31, 2027.

<u>Description</u>	<u>Discount Rate</u>	<u>Total Lease Liability</u>
Office Building	0.05%	\$ 203,196

Activity of lease liabilities for the year ended December 31, 2022, is summarized as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$ -	\$ 207,147	\$ (3,951)	\$ 203,196

Annual requirements to amortize long-term obligations and related interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	38,118	9,294	47,412
2024	40,068	7,344	47,412
2025	42,118	5,294	47,412
2026	44,273	3,139	47,412
2027	38,619	891	39,510
Total Future Payments	<u>\$ 203,196</u>	<u>\$ 25,962</u>	<u>\$ 229,158</u>

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*

March 13, 2023

To the Board of Directors of
Albany County Land Bank Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Albany County Land Bank Corporation (Land Bank), a discretely presented component unit of the County of Albany, New York as of and for the year-ended December 31, 2022, 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 13, 2023.

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 opinion 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, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.