GREATER SYRACUSE
LAND BANK

Minutes
Greater Syracuse Property Development Corporation
Audit Committee Meeting
Friday, March 29, 2016, 8:00 AM
431 E. Fayette St, Suite 375
Syracuse, NY 13202

Committee Members Present: Dan Barnaba, Julie Cerio
Other Board Members Present: El Java Abdul Qadir
Others Present: Katelyn Wright, Patrick Stanczyk, Jake Thorsen, Michael Fallon, Patty Mills, Keeley Ann Hines, Kerry Quaglia, Laura Haley, Dan Hoosock, Glenn Riemenschneider, Dan Lyons, Michael Gilbert, Tony Macro, Patrice Fitzsimmons, Samuel Reppi, Stephanie Pasquale

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I. Call to order
Dan Barnaba called the meeting to order at 8:00 am.

II. Roll Call
Mr. Barnaba noted that he and Julie Cerio were present.

III. Proof of Notice
Mr. Barnaba confirmed that Proof of Notice for the meeting was adequately posted.

IV. New Business
Keeley Ann Hines introduced herself as a principal with the Bonadio Group, having conducted the Land Bank's 2015 independent financial audit. Ms. Hines walked the Committee members through the Audit Report and letter to the board of directors primarily noting that the audit resulted in no findings. Ms. Hinds brought the Committee's attention to a few adjustments that needed to be made to the Land Bank's books to reflect the value of donated property, but noted that these adjustments are not material. She noted that there were no disagreements with management during the course of the audit.

Keeley Hinds directed the Committee's attention to the financial statement. She noted that the financial statements are the responsibility of the management to prepare and maintain and that the GSPDC does so with the assistance of Bowers & Company. Ms. Hinds noted that the audit report covers those statements and the operations of the Land Bank for the fiscal year 2015.

Katelyn Wright noted that while the current ratio (current assets compared to current liabilities) defined in the audit is favorable, it is only reflective of the liabilities that are currently accounts payable and this measure does not represent the long-term liabilities associated with properties in inventory. Ms. Hines noted that the current ratio is 4.2, meaning that the Land Bank can over its current liabilities four times over with the cash it has on hand. Ms. Hines confirmed Ms. Wright's statement and explained the current ratio reflects the assets and liabilities at this given time.

Ms. Hines informed the Committee that accounts payable at year-end had increased from 2014 due to a large volume of invoices for Attorney General grant-funded renovations submitted by Home HeadQuarters just before the end of the fiscal year. Accrued expenses are also up due to increased liability insurance costs. Payroll has increased as well in 2015 due to increased number of staff members.

Ms. Hines outlined the revenues and expenses of the Land Bank in 2015 to the Committee. She informed the Committee that grant and subsides revenue had increased due to AG funds as well as County funding. Number of properties sold increased from 75 in 2014 to just under 170 sold in 2015; the amount of revenue generated from sales increased as a result. Rent revenue decreased due to management's goal to decrease the number of rental units held by the Land Bank.

Asked by Mr. Barnaba to explain the impairment loss, Ms. Hines explained that the impairment loss of $130,000 was an adjustment aimed to reflect a more accurate valuation of the Land Bank's inventory. She explained that the capitalized value of the Land Bank's inventory must be booked as the lower of costs into a property or fair market value and that these year-end adjustments are made to properties when their costs begin to exceed fair market value.

Ms. Hines went through the footnotes presented in the 2015 audit report. Katelyn Wright noted that one of the footnotes stated the Land Bank's non-profit status was pending. Ms. Hines noted the error and stated that this would be updated in the final draft. Ms. Hines also noted that reclassifications were made to the Land Bank's fixed assets in order to correct an error made in the 2014 financial statements; $3,000 was allocated to the wrong line item.

Ms. Hines directed the Committee to the section describing transactions with primary government and clarified that part of the grant funding that the Land Bank receives from the City of Syracuse is still in accounts receivable because the City runs on a different fiscal year than the Land Bank. She informed the Committee that the audit was conducted in accordance with government auditing standards. She went on to compliment the Land Bank management and Bowers & Company on maintaining organized and accurate financial documents, noting that the organization is operating smoothly, which made the audit easy.

Mr. Barnaba asked what agencies the Land Bank was legally required to supply this audit to. Katelyn Wright informed the Committee that audit has to be reported to the Authorities and Budget Office by the end of March each year and that since the Land Bank is considered a component unit of the City of Syracuse it is attached to their audit that they're legally required to supply to the State Comptroller each year. Ms. Hines confirmed that the Land Bank is presented as a discrete component unit by the City of Syracuse.

Julie Cerio moved that the Audit Committee recommend the Board of Directors adopt the 2015 Financial Audit prepared by The Bonadio Group. Dan Barnaba seconded the motion. **THE MEMBERS OF THE AUDIT COMMITTEE VOTED UNANIMOUSLY TO RECOMMEND THE BOARD OF DIRECTORS ADOPT THE 2015 AUDIT AS PRESENTED.**

V. Adjournment

Julie Cerio moved to adjourn. Dan Barnaba seconded the motion. The meeting was adjourned at 8:18 AM.