GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION d/b/a GREATER SYRACUSE LAND BANK (A Discretely Presented Component Unit of the City of Syracuse, New York)

Financial Statements as of December 31, 2014 and 2013 Together with Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

TABLE OF CONTENTS

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

March 27, 2015

To the Board of Directors of
Greater Syracuse Property Development Corporation
d/b/a Greater Syracuse Land Bank:

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank (the Corporation), a discretely presented component unit of the City of Syracuse, New York (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation as of December 31, 2014, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements
The financial statements as of December 31, 2013, were audited by Testone, Marshall and Discenza, LLP, who merged with Bonadio & Co., LLP as of January 1, 2015, and whose report dated March 18, 2014, expressed an unmodified opinion on those statements.

Report On Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015 on our consideration of the Corporation'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 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 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 Corporation's internal control over financial reporting and compliance.

Other Reporting Required by New York State General Municipal Law
In accordance with New York State General Municipal Law, we have also issued our report dated March 27, 2015, on our consideration of the Corporation's compliance with Section 2925(3)(f) of the New York State (NYS) Public Authorities Law. The purpose of that report is to describe anything that came to our attention that caused us to believe the Corporation failed to comply with the Corporation's Investment Guidelines, the NYS Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the Investment Guidelines).

Bonadio & Co., LLP

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a Greater Syracuse Land Bank
(A Discretely Presented Component Unit of the City of Syracuse, New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This section of the Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank (the Corporation or Greater Syracuse Land Bank), a discretely presented component unit of the City of Syracuse, New York (the City) annual financial report presents discussion and analysis of the Corporation's financial performance during the fiscal years ending December 31, 2014 and 2013. Please read it in conjunction with the Corporation's financial statements and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: this section, the Management's Discussion and Analysis (MD&A) and the basic financial statements. The Corporation is a self-supporting entity and follows business-type activity reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Business-type activity statements offer short-term and long-term financial information about the activities and operations of the Corporation. This annual report consists of the financial statements and notes to those statements. The Statements of Net Position, Statements of Revenue, Expenses and Changes in Net Position, the Statements of Cash Flows and related notes provide a detailed look at the specific financial activities of the Corporation and generally provide an indication of the Company's financial health. The Statements of Net Position include all of the Corporation's assets and liabilities, using the accrual basis of accounting. The Statements of Revenue, Expenses and Changes in Net Position report all of the revenues and expenses during the time period indicated. The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for debt.

FINANCIAL HIGHLIGHTS

- The Corporation's total net position at December 31, 2014 and 2013 is $3,129,415 and $1,515,622, respectively.
- Total current assets at December 31, 2014 and 2013 are $3,699,726 and $1,649,988, respectively.
- Total current liabilities at December 31, 2014 and 2013 are $594,563 and $159,043, respectively. The Corporation's current ratio is 6.2 at December 31, 2014 and 10.4 at December 31, 2013. This ratio provides an idea as to the Corporation's ability to pay back its short term liabilities. The higher the current ratio, the healthier the company. The Corporation's current ratio indicates the Corporation is more than able to meet and pay its current liabilities.
- Operating revenues at December 31, 2014 and 2013 were $3,472,088 and $1,681,589, respectively.
- Operating expenses at December 31, 2014 and 2013 are $2,741,818 and $165,871, respectively.
- Operating income at December 31, 2014 and 2013 is $730,270 and $1,515,718, respectively.

  In 2014, budgeted revenues of approximately $3,850,000 compared to actual revenues of $4,360,000. However, this total of actual revenues includes the value of demolitions provided as an in-kind service, the value of donated office space, and the estimated value of real property donated by banks. Removing these revenues, which were not included in the Land Bank's budget, the total actual revenues is reduced to $3,545,088 or revenues $307,000 less than the total revenues budgeted. The variance is a result of slower than anticipated production of Attorney General (AG) funded renovations. We anticipated that we would disburse just over $1,000,000 in AG grant funds for completed renovations and demolitions in 2014, but only disbursed $577,367. These funds sit in a grant and government subsidy revenue advance account until expenditures are incurred, at which time they are booked as AG income and then immediately booked as either a demolition or a renovation expense (with a small amount booked as Admin/Developers Fee income as each project is completed). With slower than anticipated production of AG renovations, a portion of these funds remain in our grant and government subsidy revenue advance account, not yet booked as revenue or expense. This also accounts for the variance in Admin/Developers Fee income. The Land Bank otherwise exceeded budgeted projections for 2014 revenue:

	2014 Budget	2014 Actual	Variance
City of Syracuse	$ 1,500,000	$ 1,500,000	$ -
OCDC	83,333	83,333	-
Admin/Developers' Fees	100,909	66,400	(34,509)
Onondaga County	145,000	158,507	13,507
NY Attorney General	1,056,980	577,367	(479,613)
Rental Income	100,000	121,465	21,465
Sales Proceeds	800,000	965,015	165,015
REO-related cash donations	66,000	73,000	7,000
Side lot application fees	250	375	125
Total	$ 3,852,472	$ 3,545,463	$ (307,009)

- In 2014, budgeted expenses were approximately $2,820,000 compared to actual operating expenses of approximately $2,740,000. Total actual operating expenses reflected on our financial statements includes expense for demolitions and rent provided as in-kind contributions provided at no cost to the Land Bank, in order to tie out those items which are also booked as income, less these in-kind contributions, the total expense incurred in 2014 is $2,111,225, resulting in a favorable variance of approximately $709,000. This, again, is largely due to the lower than planned volume of AG-funded renovations completed in 2014, as the funds paid out for each project are booked as renovation expense at completion. The bulk of this favorable variance is therefore found in the difference between renovation expense budgeted and renovation expense actually incurred: $593,416. The remaining $115,500 of expenses budgeted but not incurred is spread among other expense lines.
- In 2013, budgeted revenues of approximately $1,140,000 compared to actual revenues of $1,680,000. The reason for the favorable variance is the budget was prepared on a cash basis. There is a grant receivable of $666,667 offset by a deferred inflow of $83,333 at December 31, 2013, resulting in an approximate $585,000 favorable variance.
- In 2013, budgeted expenses were approximately $360,000 compared to actual operating expenses of approximately $165,000. The favorable variance is a result of not considering approximately $25,000 in capital assets as well as consideration of prepaid insurance expense of approximately $35,000. In addition, more operational costs were budgeted for related to inspections, stabilization, evictions etc. Due to operations beginning mid-year it was difficult to gauge anticipated expenses for the year ended December 31, 2013.

FINANCIAL ANALYSIS OF THE CORPORATION

Below is an analysis of the assets, liabilities, revenues and expenses of the Corporation.

Summary of Assets, Liabilities, and Net Position

	2014	2013
Current assets	$ 3,699,726	$ 1,649,988
Capital assets	24,252	24,677
Total assets	3,723,978	1,674,665
Current liabilities	594,563	159,043
Net position:		
Net investment in capital assets	24,252	24,677
Unrestricted	3,105,163	1,490,945
Total net position	$ 3,129,415	$ 1,515,622

CURRENT ASSETS

Current assets at December 31, 2014 and 2013, were comprised of mostly cash, a receivable from the primary government, the City of Syracuse, New York, and inventory.

INVENTORY

The fair market value of real estate held as inventory by the Corporation is not generally reflected in the Corporation's financial statements until it is sold. Generally Accepted Accounting Principles require inventory be booked at cost or fair market value, whichever is less. Costs, not considered period costs or routine maintenance which is expensed when incurred, are only booked as expenses once a property has been sold. Since the Greater Syracuse Land Bank acquires most properties for $151 each, subsequent to municipal foreclosure, costs will virtually always be less than fair market value. The Greater Syracuse Land Bank did acquire 307 properties via the City of Syracuse foreclosure proceedings in 2014, in addition to five (5) donations from banks, one (1) private donation, 24 lots purchased from the Syracuse Urban Renewal Agency (for $1 with the dollar waived), and three (3) properties subsequent to County foreclosure. An estimated fair market value for donated properties, which are acquired at no cost, is booked to inventory at the time of acquisition.

A methodology for tracking a conservative estimate of the fair market value of properties held by the Greater Syracuse Land Bank values structures at ½ assessed value and vacant lots at one dollar each. Using this methodology, as of December 31, 2014 the estimated fair market value of properties held by the Greater Syracuse Land Bank was $4,970,863.

CAPITAL ASSETS

Capital assets at December 31, 2014 and 2013, were comprised of property, furniture and equipment that was purchased and capitalized during the years in accordance with the Corporation's capitalization policy.

CURRENT LIABILITIES

Current liabilities are comprised of current obligations (both accounts payable and accrued liabilities) that are due currently, or in the next 12 months.

SUMMARY OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

	2014	Percentage of Total %	2013	Percentage of Total %
OPERATING REVENUES:				
Grant and government subsidy revenue	$ 2,385,608	68.7%	$ 1,679,667	99.9%
Sale of property	965,015	27.8%	-	
Rental revenue	121,465	3.5%	1,922	.1%
Total operating revenues	3,472,088		1,681,589	
OPERATING EXPENSES:				
Cost of sales	2,228,890	81.3%	995	.6%
General & administrative expenses	12,860	.5%	3,677	2.2%
Professional services	178,129	6.5%	101,225	61.0%
Salaries, wages and related expenses	170,156	6.2%	33,536	20.2%
Advertising	3,941	.1%	-	
Bad debts	4,434	.2%	-	
Insurance	112,121	4.1%	23,696	14.3%
Rent	24,010	.9%	-	
Travel	2,172	.1%	979	.6%
Depreciation	5,105	.2%	1,763	1.1%
Total operating expenses	2,741,818		165,871	
OPERATING INCOME	730,270		1,515,718	
NON-OPERATING EXPENSES:				
Miscellaneous	(3,627)		(96)	
TOTAL CONTRIBUTIONS	887,150		-	
CHANGE IN NET POSITION	$ 1,613,793		$ 1,515,622	

OPERATING REVENUES

There were no property sales until 2014. Operating revenue is mostly comprised of grant and government subsidies revenue awarded to the Corporation to aid in meeting the objectives of the Corporation and sale of property.

OPERATING EXPENSES

There were no property sales until 2014. Operating revenue is mostly comprised of grant and government subsidies revenue awarded to the Corporation to aid in meeting the objectives of the Corporation and proceeds from the sale of property.

Operating expenses in 2014 are mostly comprised of cost of sales, professional services and salaries and wages, and insurance. These expenses increased dramatically compared to the prior year as the result of the Land Bank's expanded inventory of properties and costs associated with their acquisition, one-time intake inspection and stabilization costs, and ongoing expenses associated with property maintenance, periodic inspections, and insurance. The increased volume of property acquisitions and dispositions are accompanied by an increase in associated legal fees and the increased volume of ongoing maintenance services resulted in increased accounting and bookkeeping fees. In addition, two more staff members were hired in 2014, one in March and the other in July.

OPERATING RESULTS

The Corporation had operating income of $730,270 and $1,515,718 with miscellaneous non-operating expenses of $3,627 and $96 during 2014 and 2013, respectively. This resulted in respective changes in net position of $1,613,793 and $1,515,622. Ending net position is $3,129,415 at December 31, 2014 and $1,515,622 at December 31, 2013.

CAPITAL ASSET ADMINISTRATION

The Corporation's investment in capital assets at December 31, 2014 and 2013 amounts to $24,252 and $24,677, respectively (net of accumulated depreciation). This investment includes property owned by the Corporation rented to third parties as well as furniture equipment, computer hardware, and small amounts of software.

	2014	2013
Depreciable capital assets:		
Rental property	$ 6,168	$ 10,218
Furniture and equipment	18,084	14,459
Total depreciable capital assets	$ 24,252	$ 24,677

REQUEST FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Corporation's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Executive Director, 333 W. Washington Street, Suite 130, Syracuse NY 13202.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

STATEMENTS OF NET POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash	$ 2,152,306	$ 874,824
Accounts receivable	1,600	-
Due from primary government	666,667	666,667
Inventory	534,328	75,163
Prepaid expenses	44,825	33,334
Restricted cash	300,000	-
Total current assets	3,699,726	1,649,988
NONCURRENT ASSETS:		
Capital assets, net	24,252	24,677
Total assets	3,723,978	1,674,665
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	53,707	39,817
Accrued expenses	114,781	35,893
Grant and government subsidy revenue advance	422,725	83,333
Other liabilities	3,350	-
Total liabilities	594,563	159,043
NET POSITION		
Net investment in capital assets	24,252	24,677
Unrestricted	3,105,163	1,490,945
Total net position	$ 3,129,415	$ 1,515,622

The accompanying notes are an integral part of these statements.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
OPERATING REVENUES:		
Grant and government subsidy revenue	$ 2,385,608	$ 1,679,667
Sale of property	965,015	-
Rent revenue	121,465	1,922
Total operating revenues	3,472,088	1,681,589
OPERATING EXPENSES:		
Cost of sales	2,228,890	995
Professional services	178,129	101,225
Salaries, wages and related expenses	170,156	33,536
Insurance	112,121	23,696
Rent	24,010	-
General and administrative expenses	12,860	3,677
Depreciation	5,105	1,763
Advertising	3,941	-
Bad debts	4,434	-
Travel	2,172	979
Total operating expenses	2,741,818	165,871
OPERATING INCOME	730,270	1,515,718
NON-OPERATING EXPENSE:		
Miscellaneous expense	(3,627)	(96)
INCOME BEFORE CONTRIBUTIONS	726,643	1,515,622
CONTRIBUTIONS:		
Cash contributions	73,000	-
Demolition contributions	604,735	-
Inventory contributions	185,405	-
Rent contributions	24,010	-
Total contributions	887,150	-
CHANGE IN NET POSITION	1,613,793	1,515,622
NET POSITION - beginning of year	1,515,622	-
NET POSITION - end of year	$ 3,129,415	$ 1,515,622

The accompanying notes are an integral part of these statements.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION

d/b/a GREATER SYRACUSE LAND BANK

(A Discretely Presented Component Unit of the City of Syracuse, New York)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received from grant and government subsidies	$ 2,725,000	$ 1,096,333
Cash received from property sales	965,015	-
Cash received from rent	115,431	1,922
Cash paid for inventory	(1,788,555)	(43,074)
Cash paid for general and administrative expenses	(2,540)	(3,566)
Cash paid for professional services	(202,088)	(59,073)
Cash paid for salaries, wages and related expenses	(169,749)	(33,173)
Cash paid for advertising	(3,941)	-
Cash paid for insurance	(123,612)	(57,030)
Cash paid for travel	(2,172)	(979)
Net cash flow from operating activities	1,512,789	901,360
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(14,781)	(26,440)
Disposal of capital assets	10,101	-
Proceeds from cash contribution	73,000	-
Net cash flow from capital and related financing activities	68,320	(26,440)
CASH FLOW FROM INVESTING ACTIVITIES:		
Net miscellaneous expense	(3,627)	(96)
CHANGE IN CASH	1,577,482	874,824
CASH - beginning of year	874,824	-
CASH - end of year	$ 2,452,306	$ 874,824
RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION:		
Cash	$ 2,152,306	$ 874,824
Restricted cash	300,000	-
	$ 2,452,306	$ 874,824
RECONCILATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITES:		
Operating income	$ 730,270	$ 1,515,718
Adjustments to reconcile operating income to net cash flow from operating activities:		
Depreciation	5,105	1,763
Bad debts	4,434	-
Inventory and demolition contributions	790,140	-
Rent contributions	24,010	-
Changes in:		
Accounts receivable	(6,034)	-
Due from primary government	-	(666,667)
Inventory	(459,165)	(75,163)
Prepaid expenses	(11,491)	(33,334)
Accounts payable	13,890	39,817
Other liabilities	3,350	-
Accrued expenses	78,888	35,893
Grant and government subsidy revenue advance	339,392	83,333
Net cash flow from operating activities	1,512,789	901,360
NONCASH ACTIVITIES:		
Inventory contributions	790,140	-
Rent contributions	24,010	-
Total noncash activities	$ 814,150	$ -

The accompanying notes are an integral part of these statements.

1. ORGANIZATION

The Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank (the Corporation), was formed in 2012 to address the problems of vacant, abandoned, or tax delinquent property in the City of Syracuse, New York (the City or primary government) and County of Onondaga, New York (the County) in a coordinated manner through the acquisition of real property. The mission of the Corporation is to return that property to productive use in order to strengthen the economy, improve the quality of life, and improve the financial condition of the municipalities, through the use of the powers and tools granted to land banks by New York State (NYS).

The Corporation is considered a discretely presented component unit of the City based upon the fact that the Corporation is fiscally dependent on the primary government and there is a financial benefit/burden relationship between the primary government and the Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The basic financial statements of the Corporation 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 Corporation operates as a proprietary fund. Proprietary funds utilize 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 outflows 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 Corporation 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.

Estimates

The preparation of 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 amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Corporation was organized as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The Corporation is exempt from federal income taxes under Section 501(a) of the Code based upon pending 501(c)(3) status.

Restricted Assets

Certain amounts of cash are classified as restricted because their use is restricted by grant agreements. Restricted cash balances have been offset by grant and government subsidy revenue advances at December 31, 2014.

Due from Primary Government

Amounts due from the primary government are receivables stated at their outstanding balance. The Corporation considers all amounts to be fully collectible. If collection becomes doubtful, the Corporation will either set up an allowance for doubtful accounts, or if deemed completely uncollectible, the amounts will be charged against income in the current period. Management does not believe a reserve for uncollectible receivables is necessary at December 31, 2014.

Inventory

Inventory consists of vacant, abandoned, or tax delinquent property in the City and County purchased by the Corporation. Inventory is valued at cost, which approximates market value. Cost includes but is not limited to, property purchase cost, appraisal, inspection and recording fees, renovation costs and professional services.

Capital Assets

Capital assets include property, furniture and equipment and rental properties. Capital assets other than rental properties are defined by the Corporation as assets with an initial individual cost of more than $1,000 and having an estimated useful life in excess of one year. Rental properties are defined by the Corporation as all costs associated with the purchase of the rental property and having an estimated useful life in excess of one year. Assets will be depreciated using the straight-line method.

Grant and Government Subsidy Revenue Advance

In certain instances, the Corporation receives grant and government subsidy revenue prior to meeting the definition of earned. Such amounts are reflected as a liability, grant and government subsidy revenue advances, until amounts are deemed earned and then recognized as revenue.

Operating and Non-operating Revenues and Expenses

As a business-type activity, the Corporation distinguishes operating revenues and expenses from non-operating items. Operating revenues are mostly comprised of grant and government subsidy revenue resulting from exchange transactions associated with the principal activities of the Corporation. Other sources of operating revenues include sales of property and rental revenue. Operating expenses generally result from the acquisition, demolition and renovation of properties, and general and administrative expenses in accordance with the Corporation's mission. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Contributions

The Corporation received contributions during the fiscal year ending December 31, 2014 that included properties recorded to inventory in the amount of $185,405, donated demolition recorded to inventory in the amount of $604,735, cash in the amount of $73,000 and in-kind rent in the amount of $24,010.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
b. Restricted net position - 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 or enabling legislation. The Corporation does not have restricted net position at December 31, 2014.
c. Unrestricted net position - all other assets that do not meet the definition of net investment in capital assets or restricted net position.

It is the Corporation's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Reclassification

Certain prior year liabilities have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations at December 31, 2014 or 2013.

3. **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

The Corporation follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conform with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Executive Director.

Monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within and authorized to do business in NYS. Collateral is required for deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are those identified in NYS General Municipal Law, Section 10 and outlined in the NYS Comptroller's Financial Management Guide.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Corporation has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Corporation's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations.

Custodial Credit Risk

Custodial credit risk 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 Corporation's investment and deposit policy, all deposits of the Corporation 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.

Custodial Credit Risk (Continued)

The Corporation restricts the securities to the following eligible items:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation;
- Obligations partially insured or guaranteed by an agency of the United States of America;
- Obligations issued or fully insured or guaranteed by NYS;
- Obligations issued by a municipal corporation, school district or district corporation of NYS;
- Obligations issued by states (other than NYS) of the United States of America rated in one of the two highest rating categories by at least one Nationally Recognized Statistical Rating Organization (NRSRO).

The Corporation maintained cash balances with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank for interest bearing and non-interest bearing accounts. At December 31, 2014 and 2013 the Corporation's deposits consisted of approximately $2,729,000 and $875,000, respectively, in cash and were insured each year by FDIC in the amount of $250,000. The remaining balance of approximately $2,479,000 and $625,000 at December 31, 2014 and 2013, respectively, was collateralized by a third party in accordance with NYS General Municipal Law, Section 10 and the Corporation's policies.

4. CAPITAL ASSETS

The Corporation's capital assets activity for the year ended December 31, 2014 was as follows:

	Balance at January 1	Additions	Deductions	Balance at December 31
Rental property	$ 10,250	$ 9,200	$ (10,250)	$ 9,200
Furniture and equipment	16,190	5,581	-	21,771
Total	26,440	14,781	(10,250)	30,971
Accumulated depreciation:				
Rental property	(32)	(3,000)	-	(3,032)
Furniture and equipment	(1,731)	(2,105)	149	(3,687)
Total	(1,763)	(5,105)	149	(6,719)
Capital assets, net	$ 24,677	$ 9,676	$ (10,101)	$ 24,252

4. CAPITAL ASSETS (Continued)

The Corporation's capital assets activity for the year ended December 31, 2013 was as follows:

	Balance at January 1	Additions	Deductions	Balance at December 31
Rental property	$ -	$ 10,250	$ -	$ 10,250
Furniture and equipment	-	16,190	-	16,190
Total	-	26,440	-	26,440
Accumulated depreciation:				
Rental property	-	(32)	-	(32)
Furniture and equipment	-	(1,731)	-	(1,731)
Total	-	(1,763)	-	(1,763)
Capital assets, net	$ -	$ 24,677	$ -	$ 24,677

5. INTERMUNICIPAL AGREEMENT

Within the parameters of the New York Land Bank Act of Article 16 of the New York Not-for-Profit Corporation Law, any or any two or more foreclosing governmental units are permitted to enter into an intergovernmental cooperation agreement to establish a land bank. In 2012, the County and the City entered into an intermunicipal agreement for the creation of the Corporation to exercise the powers, duties, functions, and responsibilities of a land bank under the Land Bank Act.

6. TRANSACTIONS WITH PRIMARY GOVERNMENT

The Corporation and the City entered into an agreement in 2013, and renewed the agreement in 2014, whereas the City was to assist in the operations of the Corporation pursuant to Not-For-Profit Corporation Section 1610(a). As part of this agreement, the Corporation was awarded and recorded $1,500,000 of grant and government subsidy revenue in 2013 and 2014. Of this amount, $666,667 is recorded in due from primary government at December 31, 2014, and 2013.

The City has a fiscal year which ends June 30, therefore resulting in potential inconsistencies in amounts reported due to and/or due from between the City and Corporation.

7. NEW PRONOUNCEMENTS

As of January 1, 2013, the Corporation adopted the provision of GASB Statement No. 61 - *The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34.* This statement modifies certain requirements for inclusion of component units in the financial reporting entity by requiring that a financial benefit or burden relationship also be present between the primary government and the potential component unit.

As of January 1, 2013, the Corporation adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* This statement clarifies the appropriate reporting for items previously classified as assets and liabilities consistent with the definitions in GASB Concepts Statement No. 4.

7. NEW PRONOUNCEMENTS (Continued)

As of January 1, 2013, the Corporation implemented GASB Statement No. 66, *Technical Corrections - 2012 - An Amendment of GASB Statements No. 10 and No. 62.* This statement clarifies and improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that result from the issuance of two pronouncements, GASB Statement No. 54 and GASB Statement No. 62.

In June 2013, the GASB issued Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement established accounting and financial reporting standards related to government combinations and disposals of government operations. The term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The Corporation adopted the provisions of this Statement for the year ending December 31, 2014 with no material effect on the financial statements.

In April 2013, the GASB issued Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. This Statement establishes accounting and financial reporting standards for financial guarantees that are non-exchange transactions (non-exchange financial guarantees) extended or received by a state or local government. The Corporation adopted the provisions of this Statement for the year ending December 31, 2014 with no material effect on the financial statements.

8. UPCOMING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. In addition, the GASB issued Statement No. 68 Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. The objective of Statement No. 67 is to improve financial reporting by state and local governmental pension plans. Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68, as well as for non-employer governments that have a legal obligation to contribute to those plans. The Corporation is required to adopt the provisions of Statement No. 68 for the year ending December 31, 2015, with early adoption encouraged.

In November 2013, the GASB issued Statement No. 71, Pension Transitions for Contributions Made Subsequent to the Transition Date – an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The Corporation is required to adopt the provisions of this Statement in conjunction with GASB Statement No. 68.

The Corporation has not yet assessed the impact of these statements on its future financial statements.

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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 27, 2015

To the Board of Directors of
Greater Syracuse Property Development Corporation
d/b/a Greater Syracuse Land Bank:

We have audited, 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, the financial statements of the Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank (the Corporation), a discretely presented component unit of the City of Syracuse, New York, (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2015.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the 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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 may exist that have not been identified.

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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*
(Continued)

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Corporation'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

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Certified Public Accountants

REPORT ON SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

March 27, 2015

To the Board of Directors of
Greater Syracuse Property Development Corporation
d/b/a Greater Syracuse 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 Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank, (the Corporation) a discretely presented component unit of the City of Syracuse, New York (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 27, 2015.

In connection with our audit, nothing came to our attention that caused us to believe that the Corporation failed to comply with the Corporation's Investment Guidelines, The New York State (NYS) Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the Investment Guidelines), which is the responsibility of the Corporation's management, insofar as they relate to the financial accounting knowledge of noncompliance with such Investment Guidelines. However, our audit was not directed primarily towards obtaining knowledge of noncompliance with such Investment Guidelines. Accordingly had we performed additional procedures, other matters may have come to our attention regarding the Corporation's noncompliance with its investment policy, insofar as it relates to accounting matters.

This report is intended solely for the information and use of management, the Board of Directors, and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these parties.

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