

# NASSAU COUNTY LAND BANK CORPORATION A Component Unit of the County of Nassau, New York

POST AUDIT MEETING  
FOR THE YEAR ENDED DECEMBER 31, 2023

MARCH 2024

*This report is intended solely for the information and use of the Board of Directors and management of the Nassau County Land Bank Corporation (the "Corporation") and is not intended to be, and should not be, used by anyone other than these specified parties, unless permission is granted.*



# Your Engagement Leadership Team



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**Other Audit Members:**

Supervisor – Natalie Fenocchi (returning auditor)

Senior – Mohammed Islam (returning auditor)

# Agenda

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1. Required Communications to the Audit Committee
  - Service Delivery Timeline
  - This Year's Audit Results
  - Internal Control Considerations
2. Draft Report as of and for the Year Ended December 31, 2023
  - Financial Statements
3. Draft Investment Compliance Report
4. Appendix - Management's Representations
5. Executive Session

# Service Delivery Timeline

Audit Services	2023	2022
Draft engagement letters issued	December 9, 2023	February 8, 2023
Audit fieldwork began	February 29, 2024	Late April 2023
Planning communication to Board of Directors	March 6, 2024	April 20, 2023
Draft financials provided to management	March 26, 2024	May 11, 2023
Review audit results with the Board of Directors	March 27, 2024	May 12, 2023
Report issuance soon after approval by the Board of Directors	By March 31, 2024	May 31, 2023

# This Year's Audit Results

Matter	Conclusion
<p><b>Opinion on the Financial Statements</b></p>	<ul style="list-style-type: none"> <li>■ We are substantially completed with our audit procedures</li> <li>■ There are no qualifications in the proposed audit opinion, meaning it is considered a “clean” or “unmodified” opinion</li> <li>■ We are prepared to issue our opinion on the financial statements upon the Board’s acceptance of the audit results and resolution of the following open items:               <ol style="list-style-type: none"> <li>1. Additional post balance sheet review by MHM, including the final review by our internal quality review department</li> <li>2. Receipt of the signed management representation letter</li> </ol> </li> </ul>
<p><b>Reporting on Supplemental Information (MD&amp;A)</b></p>	<ul style="list-style-type: none"> <li>■ Certain supplemental information was not subjected to audit and thus we express no opinion on it but is required by GASB.</li> </ul>
<p><b>Investment Compliance Report</b></p>	<ul style="list-style-type: none"> <li>■ In connection with our audit, nothing came to our attention that caused to believe that the Corporation had not complied, in all material respects, with the terms, covenants, provisions or conditions of its investment guidelines insofar as they relate to financial and accounting matters.</li> </ul>

# This Year's Audit Results (continued)

Matter	Conclusion
Major Issues Discussed with Management Prior to Our Retention	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Management Consultations with Other Accountants	<ul style="list-style-type: none"> <li>▪ Management has informed us that they have not consulted with other accountants with the exception that the Corporation has engaged Satty, Levine &amp; Ciacco, CPAs, PC to assist with its financial closing and reporting.</li> </ul>
Difficulties in Performing the Audit	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Disagreements with Management	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Significant Changes to Planned Audit Scope and Approach	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Auditor Detected Adjustments	<ul style="list-style-type: none"> <li>▪ There were three auditor detected adjustments for the year ended December 31, 2023:               <ul style="list-style-type: none"> <li>▪ To reduce the due to Nassau County and salary expense balances by \$5,923 to account for the current year activity related to the Executive Director's salary.</li> <li>▪ To increase both revenue and receivables by \$44,044 for a grant received that the cash has not been received for yet.</li> <li>▪ To increase accrued expenses and professional fees by \$8,500 for the audit fees for 2023.</li> </ul> </li> </ul>
Waived Adjustments	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Changes in Accounting Policies	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Significant or Unusual Transactions	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Alternative Accounting Policies Discussed	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Exceptions to Conflicts of Interest Policies Noted	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Instances of Fraud or Illegal Acts Detected	<ul style="list-style-type: none"> <li>▪ None</li> </ul>

# This Year's Audit Results (continued)

Matter	Conclusion
Material Uncertainties Noted	<ul style="list-style-type: none"><li>▪ None</li></ul>
Financial Statement Disclosures	<ul style="list-style-type: none"><li>▪ The disclosures are neutral, consistent, and clear</li></ul>
Other Information in Documents Containing Audited Financial Statements	<ul style="list-style-type: none"><li>▪ We are not aware of other documents that contain the audited financial statements that would possibly require additional review from the auditors</li></ul>
Related Party Relationships and Transactions	<ul style="list-style-type: none"><li>▪ We evaluated the Corporation's identification of, accounting for, and disclosures of any relationships and transactions with related parties – The Corporation pays the Executive Director's salary and then reimburses the County. Additionally, the County provides grants to the Corporation.</li></ul>
Other Matters to Report	<ul style="list-style-type: none"><li>▪ None</li></ul>

# Internal Control Considerations

We did not observe any material weaknesses in internal control as a result of our audit procedures. However, below we have made certain recommendations to enhance the internal control environment. We consider these to be best practice recommendations unless identified as a significant deficiency. We also followed up on the status of prior year recommendations that are included within this section.

## Current Year Matters

Observation	Recommendation	Management's Response
<p><b>Significant Deficiency – Our audit procedures discovered numerous instances where an adjusting entry was needed to be proposed in order to properly report the financial statements of the Corporation.</b></p>	<ul style="list-style-type: none"> <li>The Corporation should consider a documented review process of the year-end books and records which includes a review with the Corporation's executive director to ensure that all events, expenses, and related revenues are captured in the books and records.</li> </ul>	<ul style="list-style-type: none"> <li>Management will work with our accounting provider to better close out the year-end accounting records.</li> </ul>
<p><b>During our review of the Due to Nassau County balances, It had been identified that the year-end adjustment for the accrual for the Executive Director's salary had not been recorded.</b></p>	<ul style="list-style-type: none"> <li>The Corporation should adopt a process to periodically reconcile it's balances Due to Nassau County.</li> </ul>	<ul style="list-style-type: none"> <li>Management will work with our accounting provider to better close out the year-end accounting records.</li> </ul>



# Internal Control Considerations

## Current Year Matters

Observation	Recommendation	Management's Response
<p>During our walkthroughs of cash disbursements, we had identified that there had been no evidence of a secondary approval given by the Treasurer or Board during the Corporations monthly meeting.</p>	<ul style="list-style-type: none"><li>The Corporation should develop a process for documenting the approvals that are given by the Treasurer or Board in the Corporations monthly meeting for cash disbursements.</li></ul>	<ul style="list-style-type: none"><li>Management will set the policies and procedures internally to document the authorization for payments.</li></ul>

# Internal Control Considerations

Prior Year Matters		
Prior Observation	Status	Management's Response
<p>While gaining our understanding of how purchases are made by the Corporation, we noted that the executive director uses a debit card which is linked directly to the Corporation's bank account. While we did not identify inappropriate uses, the opportunity for error or misappropriation is increased.</p>	<ul style="list-style-type: none"> <li>The Corporation's debit card had been active for approximately half of 2023. This matter had been fully resolved by year-end. This is considered completed.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<p>During our review of journal entries, we did not see an indication of review by Corporation management. The entries we reviewed were made correctly and by the Corporation's accountants.</p>	<ul style="list-style-type: none"> <li>While the Corporation has adopted a process of reviewing journal entries. During the audit, we were unable to validate that the approvals had occurred. We recommend that a process is adopted which documents that the approval over the corporation's journal entries have occurred. In addition, supporting documentation was not able to be provided to us for a few of the transactions within the journal entries tested.</li> </ul>	<ul style="list-style-type: none"> <li>Management will set the policies and procedures internally to document the authorization for journal entries.</li> </ul>

# Internal Control Considerations

Prior Year Matters		
Prior Observation	Status	Management's Response
Bank reconciliations were not completed timely.	<ul style="list-style-type: none"> <li>The Corporation has not been reconciling the bank timely at the beginning of the year. This matter had been fully resolved by year-end. This is considered completed.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Timely close of year-end books and records.	<ul style="list-style-type: none"> <li>This matters had been fully resolved</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Cash balances were not reviewed regularly for concentration risk.	<ul style="list-style-type: none"> <li>This matter has been fully resolved</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

# Draft Report for the Year Ended

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**Financial Statements**



**NASSAU COUNTY**  
LAND BANK CORPORATION

**NASSAU COUNTY LAND BANK CORPORATION**

**A COMPONENT UNIT OF THE COUNTY OF NASSAU, NEW YORK**

**Financial Statements**

**(Together with Independent Auditors' Report)**

**December 31, 2023**

**NASSAU COUNTY LAND BANK CORPORATION**  
**(A COMPONENT UNIT OF THE COUNTY OF NASSAU, NEW YORK)**  
**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**  
**DECEMBER 31, 2023**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Nassau County Land Bank Corporation  
Hempstead, NY

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Nassau County Land Bank Corporation (the "Corporation"), a component unit of the County of Nassau, New York, which collectively comprise, the statement of financial position as of December 31, 2023, and the related statements of net position, revenues, expenses, and change in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above, present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023, and the 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.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Corporation and to meet our 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 Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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### ***Auditors' 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 auditors' 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Express 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 Corporation'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 Corporation'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 on pages 4 and 5 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 GAAS, 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 XX**, 2024, 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 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 Corporation'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 Corporation's internal control over financial reporting and compliance.

New York, NY  
**March XX**, 2024

**NASSAU COUNTY LAND BANK CORPORATION**  
**(A COMPONENT UNIT OF THE COUNTY OF NASSAU, NEW YORK)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**DECEMBER 31, 2023**

The following is a discussion and analysis of Nassau County Land Bank Corporation's (the "Corporation") financial performance for the fiscal year ended December 31, 2023. This section is a summary of the Corporation'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 Corporation's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The Corporation's net position increased to \$1,040,012 for the year ended December 31, 2023.
- Properties held for sale totaled \$919,175 as of December 31, 2023 and were recorded at the lower of cost or net realizable value. During the year ended December 31, 2023, the Corporation did not purchase or sell any property.
- The Corporation held \$299,685 in unrestricted and restricted cash at the end of the year 2023. The majority of this cash is from the sale of properties in prior years. The decrease in cash was a result cash expenditures made for additions to properties held for sale and other operating costs, which was in excess of cash received for its grants and contributions.
- Operating revenues in 2023 totaled \$243,842, which consisted of the grant revenue of \$243,720 and \$122 in interest and other revenues. The decrease in revenue was a result of no new grant contracts awarded or new projects started in 2023.

**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 the Corporation'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 Corporation as a whole is improving or deteriorating. Evaluation of the overall economic health of the Corporation must include other nonfinancial factors such as the economic picture of the County and the State, in addition to the financial information provided in this report.

The second statement is the statement of revenues, expenses and change in net position, which reports how the Corporation's net position changed during the current 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.

**NASSAU COUNTY LAND BANK CORPORATION**  
**(A COMPONENT UNIT OF THE COUNTY OF NASSAU, NEW YORK)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**DECEMBER 31, 2023**

Below is a summary of the statements of net position and the statements of revenues, expenses and change in net position as of and for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Current assets	<u>\$ 1,262,904</u>	<u>\$ 1,211,560</u>	<u>\$ 51,344</u>	<u>4%</u>
<b>Total assets</b>	<u>1,262,904</u>	<u>1,211,560</u>	<u>51,344</u>	<u>4%</u>
Current liabilities	<u>222,892</u>	<u>238,160</u>	<u>(15,268)</u>	<u>-6%</u>
Net position				
Restricted	15,000	15,000	-	0%
Unrestricted	<u>1,025,012</u>	<u>958,400</u>	<u>66,612</u>	<u>7%</u>
	<u>\$ 1,040,012</u>	<u>\$ 973,400</u>	<u>\$ 66,612</u>	<u>7%</u>

**Summary of Changes in Net Position**

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Operating revenues	\$ 243,842	\$ 691,320	\$ (447,478)	-65%
Operating expenses	<u>177,230</u>	<u>165,107</u>	<u>12,123</u>	<u>7%</u>
<b>Operating income (loss)</b>	<u>66,612</u>	<u>526,213</u>	<u>(459,601)</u>	<u>-87%</u>
<b>Change in net position</b>	66,612	526,213	(459,601)	-87%
Net position				
Beginning of year	<u>973,400</u>	<u>447,187</u>	<u>526,213</u>	<u>118%</u>
End of year	<u>\$ 1,040,012</u>	<u>\$ 973,400</u>	<u>\$ 66,612</u>	<u>7%</u>

**Economic Factors**

The Corporation will continue to look for funding opportunities to further its mission of promoting local development. Each year, the Corporation will evaluate opportunities for investment of its resources in furthering this mission.

**Contacting Administration**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Corporation'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 Nassau County Land Bank Corporation's Executive Director at One West Street, Mineola, NY 11501.

**NASSAU COUNTY LAND BANK CORPORATION**  
**(A COMPONENT UNIT OF THE COUNTY OF NASSAU, NEW YORK)**  
**STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2023**

**ASSETS**

Current assets:	
Unrestricted cash	\$ 284,685
Restricted cash	15,000
Grant receivable	44,044
Prepaid expenses and other current assets	-
Properties held for sale	<u>919,175</u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>1,262,904</b></u>

**LIABILITIES**

Current liabilities:	
Accounts payable and accrued expenses	23,788
Due to Nassau County	154,522
Deposit payable	9,058
Retainage payable	<u>35,524</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>222,892</b></u>

**NET POSITION**

Restricted for:	
Property rehabilitation	15,000
Unrestricted	<u>1,025,012</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 1,040,012</b></u>

**NASSAU COUNTY LAND BANK CORPORATION**  
**(A COMPONENT UNIT OF THE COUNTY OF NASSAU, NEW YORK)**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>OPERATING REVENUES:</b>	
Grants	\$ 243,720
Interest revenue	100
Other	<u>22</u>
<b>TOTAL OPERATING REVENUES</b>	<u>243,842</u>
<b>OPERATING EXPENSES:</b>	
Salaries and employee benefits	129,173
Professional fees	31,788
Insurance	8,744
Miscellaneous	<u>7,525</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>177,230</u>
<b>OPERATING INCOME</b>	<u>66,612</u>
<b>CHANGE IN NET POSITION</b>	66,612
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>973,400</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,040,012</u>

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

**NASSAU COUNTY LAND BANK CORPORATION**  
**(A COMPONENT UNIT OF THE COUNTY OF NASSAU, NEW YORK)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from grants and contributions	\$ 262,498
Receipts from interest income	100
Receipts from other income	22
Payments for salaries and employee benefits	(135,096)
Payments for acquisitions of properties held for sale and improvements	(227,134)
Payments for goods and services	<u>(41,780)</u>
<b>Net Cash Used In Operating Activities</b>	<b><u>(141,390)</u></b>
<b>Net Change in Cash</b>	<b>(141,390)</b>
Cash - beginning of the year	<u>441,075</u>
<b>CASH - END OF THE YEAR</b>	<b><u>\$ 299,685</u></b>
<b>Reconciliation of Operating Income to Net Cash Used In Operating Activities:</b>	
Operating income	\$ 66,612
Change in assets and liabilities	
Prepaid expenses and other current assets	1,389
Due to Nassau County	(5,923)
Properties held for sale	(212,901)
Accounts payable and accrued expenses	4,888
Grant receivable	18,778
Retainage payable	<u>(14,233)</u>
<b>Net Cash Used In Operating Activities</b>	<b><u>\$ (141,390)</u></b>
<b>Reconciliation to Cash, End of Year:</b>	
Unrestricted cash	\$ 284,685
Restricted cash	<u>15,000</u>
	<b><u>\$ 299,685</u></b>

**NASSAU COUNTY LAND BANK CORPORATION  
(A COMPONENT UNIT OF THE COUNTY OF NASSAU, NEW YORK)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Nassau County Land Bank Corporation (the “Corporation”) was formed to address the still lingering effects of the foreclosure crisis which has created pockets of blight in neighborhoods and communities in the County of Nassau, New York (the “County”). The Corporation is a not-for-profit corporation and a New York State Public Authority, organized pursuant to the New York State Land Bank Act (Article 16 of the Not-for-Profit Corporation Law). The Corporation was organized on June 20, 2016. The Corporation was authorized by the County, its sponsoring government, by Ordinance 87-2015, enacted by the Nassau County Legislature by unanimous affirmative vote on July 13, 2015 and approved on July 14, 2015 by the Nassau County Executive. The Corporation’s Board of Directors is comprised of individuals appointed by the County. The Corporation is a component unit of the County.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Basis of Accounting***

The Corporation is reported as a special purpose government engaged in only business-type activities. Accordingly, its financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus, in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as promulgated by the Governmental Accounting Standards Board (“GASB”). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**B. *Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**C. *Cash and Cash Equivalents and Custodial Credit Risk***

For the purposes of the statement of cash flows, cash equivalents include cash in banks and on hand, certificates of deposit and highly liquid debt instruments with maturities of three months or less when acquired.

Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government entity may be unable to recover deposits. On December 31, 2023, the Corporation’s cash book and bank balance was \$299,685. The available bank balance on December 31, 2023 was held at one bank under two separate ownership categories. Approximately \$40,000 exceeded the Federal Deposit Insurance Corporation (“FDIC”) insurance limits but was collateralized by securities held by the pledging financial institution.

**D. *Due to Nassau County***

The total amount due to Nassau County, as of December 31, 2023 is \$154,522.

The Land Bank and the County have an agreement that upon the sale of property, 50% of the net proceeds is due to the County. On December 31, 2023, this amount totaled \$144,287, and is the remaining amount due from a sale of property that closed during the year ended December 31, 2020.

As of December 31, 2023, \$10,235 was due to the County for reimbursement of the Land Bank’s Executive Director salary.

**E. *Prepaid Expenses***

Prepaid expenses represent payments made by the Corporation for which benefits extend beyond year-end. 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.

**NASSAU COUNTY LAND BANK CORPORATION**  
**(A COMPONENT UNIT OF THE COUNTY OF NASSAU, NEW YORK)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. *Properties Held for Sale***

During the year ended December 31, 2023, the Corporation held titles of several properties that had been previously acquired. The Corporation intends to make improvements to the properties and return them to productive use on the County tax rolls. The properties are recorded at the lower of cost or net realizable value, plus the cost of improvements. During the year ended December 31, 2023, the Corporation incurred acquisition and construction expenses related to properties of \$212,901 and the Corporation did not acquire or sell any property. On December 31, 2023, the properties acquisition costs plus improvements totaled \$919,175.

**G. *Net Position Classifications***

In the financial statements, there are three possible classifications of net position:

- The Corporation does not hold title to any capital assets used in operations, therefore no balance is reported for net investment in capital assets at December 31, 2023.
- The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or the liability will be liquidated with the restricted assets reported.
- The unrestricted component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment of capital assets or the restricted component of net position.

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

**H. *Classification of Revenues and Expenses***

Operating revenues and expenses generally result from the Corporation's principal purpose of acquiring distressed properties within the County with the goal of returning such properties to productive use on the County tax rolls. Operating revenues are generally associated with exchange transactions and include grant revenues that fund the Corporation's property acquisition and improvement, as well as gains on the sales of the improved properties. All other material revenues are considered nonoperating.

**I. *Revenue Recognition***

The Corporation's revenue recognition policies consider certain eligibility requirements that may be stipulated by the provider and consider one or more of the following:

- a. Required characteristics of recipients – the recipient has the characteristics specified by the provider.
- b. Time requirements – time requirements specified by the provider have been met. For example, the time period when the resources are required to be used has begun.
- c. Reimbursements – the provider offers resources on a reimbursement basis and the recipient has incurred allowable costs.
- d. Contingencies – the provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

Purpose restrictions do not affect when a nonexchange transaction is recognized. Resources received with purpose restrictions are recognized as revenue and reported in restricted net position by the Corporation until the resources are used for the specified purpose.



**NASSAU COUNTY LAND BANK CORPORATION  
(A COMPONENT UNIT OF THE COUNTY OF NASSAU, NEW YORK)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Corporation recognizes grant funding as revenue as eligible costs are incurred. Differences between the costs incurred on specific projects and the related receipts are reflected as grants receivable or as unearned grant revenue in the accompanying statement of net position.

**J. *Income Taxes***

The Corporation is a not-for-profit corporation under Article 16 of New York State not-for-profit corporation law and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and New York State taxes. Accordingly, no income tax provision has been made.

**NOTE 3 – PROPERTIES HELD FOR SALE**

The Corporation's activity related to properties held for sale during the year ended December 31, 2022 was as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Property Acquisitions and Improvements</u>	<u>Property Sales</u>	<u>Gain on Sale</u>	<u>Balance at End of Year</u>
2023	\$ 706,274	\$ 212,901	\$ -	\$ -	\$ 919,175

During the year ended December 31, 2023, the Corporation did not purchase or sell any property.

**NOTE 4 – RESTRICTED NET POSITION**

The Corporation had \$15,000 in restricted net position as of December 31, 2023. This balance is restricted to use on rehabilitation, demolition, preservation or selling of a property acquired.

**NOTE 5 – REVENUE CONCENTRATIONS**

The Corporation received 99% of its operating revenue from grants, which was concentrated among two funding sources, for the year ended December 31, 2023.

**NOTE 6 – CONTINGENCIES**

The Corporation participates in various 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 Corporation believes, based upon its review of current activity, the amount of such disallowances, if any, will be immaterial.

**NOTE 7 – RELATED-PARTY TRANSACTIONS**

The County provides use of facilities to the Corporation at no charge. The Corporation has an Executive Director who is considered a County employee. The Corporation is responsible for all expenses related to his employment. The County requested reimbursement for salary and benefits of \$135,096 for the year ended December 31, 2023. \$112,500 of the Corporation's grant income was provided by the County during the year ended December 31, 2023.

**NOTE 8 – SUBSEQUENT EVENTS**

The Corporation has evaluated events and transactions through **March XX, 2024**, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.



**INDEPENDENT AUDITORS' 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**

To the Board of Directors  
Nassau County Land Bank Corporation  
Hempstead, NY

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 basic financial statements of the Nassau County Land Bank Corporation (the "Corporation"), a component unit of the County of Nassau, New York, as of and for the year ended December 31, 2023 as listed in the table of contents, 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 XX**, 2024.

***Report on 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) 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 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses shown as items 2023-001 that we consider to be a significant deficiency.

***Report on 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 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*.

**Mayer Hoffman McCann CPAs**  
**The New York Practice of Mayer Hoffman McCann P.C.**  
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### ***The Corporation's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Corporation's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### ***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 Corporation'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.

New York, NY  
March XX, 2024

**NASSAU COUNTY LAND BANK CORPORATION  
(A COMPONENT UNIT OF THE COUNTY OF NASSAU, NEW YORK)  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2023**

**FINANCIAL STATEMENT AUDIT FINDINGS:**

**FINDING 2023-001: Year-End Close**

**Criteria:** The closing of the books and records of the Corporation should be completed prior to the auditor commencing fieldwork. This includes, among other things, ensuring all accrual adjustments for expenses and revenue are recorded properly.

**Condition:** Our audit procedures discovered numerous instances where an adjusting entry was needed to be proposed in order to properly report the financial statements of the Corporation.

**Cause:** Internal controls related to the review of the books and records were not properly designed and implemented to ensure all transactions were properly recorded.

**Effect:** The financial statements of the Corporation as presented to the auditor were not properly stated.

**Recommendation:** The Corporation should consider a documented review process of the year-end books and records which includes a review with the Corporation's executive director to ensure that all events, expenses, and related revenues are captured in the books and records.

**Management's Response:** Management will set the policies and procedures internally to document the authorization for payments.

# Draft Investment Compliance Report

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## Independent Auditors' Report

To the Board of Directors  
Nassau County Land Bank Corporation  
Hempstead, NY

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 governmental activities and each major fund of the Nassau County Land Bank Corporation (the "Corporation"), a component unit of the County of Nassau, New York, as of and for the year ended December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated **March XX, 2024**.

In connection with our audit, nothing came that caused us to believe that the Corporation had not complied, in all material respects with terms, covenants, provisions or conditions of the Investment Guidelines dated November 21, 2016, and General Municipal Law Section 10 (collectively, the "Investment Guidelines"), insofar as they relate to accounting matters. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with Investment Guidelines referred to above. Accordingly, we not express such an opinion.

This report is intended solely for the information and use of the Board of Directors and management of the Corporation and is not intended to be and should not be used by anyone other than these specified parties.

**March XX, 2024**  
New York, NY

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# Appendix

**Management's Representation Letter**

## LAND BANK LETTERHEAD

March XX, 2024

Mayer Hoffman McCann CPAs  
The New York Practice of Mayer Hoffman McCann P.C.  
685 Third Avenue  
New York, NY 10017

This representation letter is provided in connection with your audit of the financial statements of the Nassau County Land Bank Corporation (the "Corporation"), which comprise the statement of net position as of December 31, 2023 and the statements of statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The representations in this letter, whether or not explicitly so indicated, are made with reference to material matters. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

### Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 9, 2023, including our responsibility for the preparation and fair presentation of the financial statements.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information required by U.S. GAAP to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, if any, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.



- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP. The Corporation has not consulted with any attorneys on matters involving loss contingencies.
- 9) Guarantees, whether written or oral, under which the Corporation is contingently liable, if any, have been properly recorded or disclosed.
- 10) We have no leases subject to the accounting requirements of GASB 87, *Leases*.
- 11) We do not have any agreements that meet the definition Public-Private and Public-Public Partnerships ("PPP") and Availability Payment Arrangements ("APA") in accordance with GASB Statement No. 94, *PPP and APA*.
- 12) We do not have any material agreements that meet the definition of a Subscription-Based Information technology Arrangement ("SBITA") in accordance with GASB No. 96, *SBITA*.
- 13) The Corporation and its affiliates do not have any agreements or relationships with Kreston member or Bentleys firms serving as a professional service provided, investor, lender, director or otherwise that may impact MHM's independence.

#### **Information Provided**

- 14) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons at the Corporation from whom you determined it necessary to obtain audit evidence.
  - d) All board and committee minutes.
- 15) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 16) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 17) We have no knowledge of any fraud or suspected fraud that affects the Corporation and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 18) We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation's financial statements communicated by employees, former employees, regulators, or others.
- 19) We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 20) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

- 21) We have disclosed to you the identity of any related parties and all the related party relationships and transactions of which we are aware, if any.
- 22) We have made available to you all financial records and related data.
- 23) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 24) We have a process to track the status of audit findings and recommendations.
- 25) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 26) The Corporation has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 27) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 28) There are no violations or possible violations of laws and regulations, provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 30) The Corporation is a not-for-profit corporation organized under Article 16 of the New York State Not-for-Profit Corporation Law and is exempt from taxation and has not conducted any activities that would jeopardize its tax-exempt status.
- 31) The Corporation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you and disclosed in the notes to the financial statements.
- 32) The Corporation has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) We have followed all applicable laws and regulations in adopting, approving and amending budgets.
- 34) The financial statements properly classify all funds and activities.
- 35) Components of net position (restricted and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 36) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

- 37) We have appropriately disclosed the Corporation's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy.
- 38) We acknowledge our responsibility for the required supplementary information ("RSI"). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 39) Expenditures of federal awards were below the \$750,000 threshold for the year ended December 31, 2023, and we were not required to have an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

Signature: \_\_\_\_\_

Printed Name: Jonathan C. Gaffney

Title: Executive Director

# Executive Session