

**ROCHESTER LAND BANK CORPORATION**  
**(A COMPONENT UNIT OF THE CITY OF ROCHESTER)**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

**Assets:**

Cash & cash equivalents	\$	321,492
Accounts receivable		18
Due from other governments		<u>659,854</u>
Total assets		<u>981,364</u>

**Liabilities:**

Accounts payable		<u>420,500</u>
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**Net position:**

Unrestricted	\$	<u><u>560,864</u></u>
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See notes to basic financial statements.

**ROCHESTER LAND BANK CORPORATION**  
**(A COMPONENT UNIT OF THE CITY OF ROCHESTER)**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>Revenues:</b>	
NYS Grants	1,282,383
Sale of real estate	\$ 48,403
Total revenues	<u>1,330,786</u>
<b>Expenses:</b>	
Acquisition costs	79,422
Renovation and construction	<u>690,500</u>
Total expenses	<u>769,922</u>
Change in net position	560,864
Net position - beginning of year	<u>-</u>
Net position - end of year	<u>\$ 560,864</u>

See notes to basic financial statements.

## **ROCHESTER LAND BANK CORPORATION**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

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#### **NOTE 1. ORGANIZATION**

Rochester Land Bank Corporation (the "Corporation") is a public authority and not-for-profit corporation formed under Article 16 of the Not-for-Profit Corporation Law (the "Land Bank Act"). On November 14, 2012, by Ordinance Number 2012-416, the Rochester City Council approved the formation of a land bank pursuant to Section 1603(a) of the Land Bank Act. On February 21, 2013, the New York State Urban Development Corporation approved the creation of a land bank by the City of Rochester pursuant to Section 1603(g) of the Land Bank Act. On August 9, 2013, the City filed the Corporation's Certificate of Incorporation pursuant to Section 1603(a)(5) of the Land Bank Act.

The Land Bank Act, enacted as Chapter 257 of the Laws of 2011, authorizes the creation of land banks to acquire vacant, abandoned, and tax delinquent properties in order to facilitate their return to productive use. The mission of the Corporation is to return underutilized property to productive use, preserve and create quality housing, enhance the quality of life within neighborhoods, and encourage economic opportunities in the City of Rochester. The Corporation's acquisition, management, and disposition of vacant, abandoned, and tax delinquent properties is conducted in a manner that supports that mission in alignment with the City of Rochester's redevelopment strategies, goals and objectives.

There are seven members of the Board of Directors, five *ex officio* members, and two appointed members who serve three year terms.

#### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenues, expenses, gains, and losses are classified into three classes of net position - restricted, unrestricted and net investment in capital assets - which are displayed in the statement of net position.

##### **B. NET POSITION**

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net position - Consists of net position with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**ROCHESTER LAND BANK CORPORATION**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**C. ACCOUNTS RECEIVABLE**

Accounts receivable are reported at their net realizable value. Generally accepted accounting principles in the United States of America require the establishment of an allowance for doubtful accounts, however, no allowance for uncollectible accounts has been provided since management believes that such allowance would not be necessary.

**D. INCOME TAXES**

The Corporation is a Public Benefit corporation of the State of New York. The Corporation plans to submit Form 1023, *Application for Recognition of Exemption* with the Internal Revenue Service. As of the date of these financial statements this application has not been submitted.

**E. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include certificates of deposit which mature within 90 days of issuance.

**F. USE OF 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 those estimates.

**NOTE 3. DETAILS ON TRANSACTION CLASSES/ACCOUNTS**

**A. ASSETS**

**1. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include interest-bearing accounts and certificates of deposit totaling \$321,492 at June 30, 2014. The Corporation's investment policies are governed by State statutes. The Corporation's monies must be deposited in FDIC insured commercial banks or trust companies located within the State. Permissible investments include demand accounts and certificates of deposit, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and municipalities and school districts.

**ROCHESTER LAND BANK CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 3. DETAILS ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

Investment and Deposit Policy

The Corporation currently follows an investment and deposit policy as directed by State statutes, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance 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 Board of Directors.

The Corporation's bank balance was fully collateralized at June 30, 2014.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Corporation's investment policy does not limit 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 interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits.

**NOTE 4. RECEIVABLES**

Major revenues accrued by the Corporation at June 30, include the following:

ESDC Grant	\$ <u>659,854</u>
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