

September 29, 2014

Board of Directors
Newburgh Community Land Bank
15 Chambers Street
Newburgh, New York 12550

Dear Members of the Board:

We are pleased to present this report related to our audit of the financial statements of the Newburgh Community Land Bank (NCLB) for the year ended June 30, 2014. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the NCLB's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the NCLB.

Very truly yours,

SaxBST LLP



Paul L. Goetz, Partner

PLG/dmc

Newburgh Community Land Bank

Communication With Those Charged With Governance Year Ended June 30, 2014

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities and the Planned Scope and Timing of the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated September 12, 2014.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the NCLB. Following is a description of accounting standards that were adopted during the year to conform with current financial reporting requirements.

Effective July 1, 2013, the NCLB adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides financial reporting guidance related to the impact of the financial statements elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of major fund calculations and limiting the use of the term deferred in the financial statements.

Effective July 1, 2013, the NCLB adopted GASB Statement No. 66, *Technical Corrections*. This statement establishes clarifications on two recently issued statements, No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement resolves conflicting guidance created as a result of the issuance of these two statements.

The adoption of these accounting standards did not significantly impact the NCLB's financial statements.

Newburgh Community Land Bank

Communication With Those Charged With Governance
Year Ended June 30, 2014

Accounting Policies and Practices - Continued

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Exhibit A, Summary of Significant Accounting Estimates.

Audit Adjustments

Audit adjustments proposed by us and recorded by the NCLB are shown on the attached Exhibit B, Summary of Recorded Audit Adjustments.

Uncorrected Misstatements

Uncorrected misstatements are summarized in the attached in Exhibit C, Summary of Uncorrected Misstatements.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed with or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Newburgh Community Land Bank

Communication With Those Charged With Governance
Year Ended June 30, 2014

Communicating Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting

Significant deficiencies and material weaknesses, if any, are communicated in the 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*.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the NCLB, including the representation letter provided to us by management, are attached as Exhibit D.

We will be pleased to respond to any questions you have about these matters. We appreciate the opportunity to be of service to you.

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

Very truly yours,

SaxBST LLP





Paul L. Goetz, Partner

PLG/dmc

Newburgh Community Land Bank

Summary of Significant Accounting Estimates Year Ended June 30, 2014

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the NCLB's June 30, 2014, financial statements:

Estimate	Accounting Policy	Estimation Process
Depreciation Expense	At the time an asset is capitalized, its useful life and acquisition date are determined. The depreciation expense is recorded annually for financial statement preparation.	All capital assets are depreciated using the straight-line method over the estimated useful lives of the respective assets.

We have evaluated management's significant accounting estimates noted above as part of our audit, and concluded that management's estimates and the estimation process appear reasonable in the context of the financial statements taken as a whole.

Newburgh Community Land Bank

Summary of Recorded Audit Adjustments Year Ended June 30, 2014

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Net Position	Revenue	Expense
To record prior year journal entries	\$ 42,029	\$ 16,205	\$ 25,824	\$ -	\$ -
To reverse the effects of prior year journal entries	(23,272)	(16,205)	-	(8,415)	(1,348)
To record debt incurred on loan received	-	40,000	-	(40,000)	-
To record payoff of debt	-	(40,000)	-	-	(40,000)
To record grant receivable for UI payment #2	143,646	-	-	143,646	-
To remove carrying value of property sold	(2,595)	-	-	(3,608)	(1,013)
To correct reconciliation difference in cash account	3,990	-	-	-	(3,990)
To record depreciation for year ended June 30, 2014	(228)	-	-	-	228
To record prepaid D&O insurance	951	-	-	-	(951)
To record accrued payroll	-	2,703	-	-	2,703
To record additional accounts payable as of June 30, 2014	14,859	15,522	-	-	663
To capitalize costs on properties held for resale	201,372	-	-	-	(201,372)
Total Statement of Revenues, Expenses, and Changes of Net Position Effect			<u>336,703</u>	<u>\$ 91,623</u>	<u>\$ (245,080)</u>
Total Statement of Net Position Effect	<u>\$ 380,752</u>	<u>\$ 18,225</u>	<u>\$ 362,527</u>		

Newburgh Community Land Bank

Summary of Uncorrected Misstatements Year Ended June 30, 2014

During the course of our audit, we accumulated uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the statements of financial position, results of operations, and cash flows and to the related financial statement disclosures. Following is a summary of those differences.

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
Revenue recorded in 2014 that relates to 2013	\$ -	\$ -	\$ 1,042	\$ (1,042)	\$ -
Projected error of unrecorded accounts payable	-	1,350	-	-	1,350
Total Statement of Revenues, Expenses, and Changes of Net Position Effect			(2,392)	<u>\$ (1,042)</u>	<u>\$ 1,350</u>
Total Statement of Net Position Effect	<u>\$ -</u>	<u>\$ 1,350</u>	<u>\$ (1,350)</u>		

Newburgh Community Land Bank

Significant Written Communications
Between Management and our Firm
Year Ended June 30, 2014

Representation Letter





Newburgh Community Land
Bank
PO Box 152
Newburgh, NY 12550

September 29, 2014

SaxBST LLP
26 Computer Drive West
Albany, New York 12205

This representation letter is provided in connection with your audit of the financial statements of the Newburgh Community Land Bank (NCLB) which comprise the statement of net position as of June 30, 2014, and the related statements 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 on 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).

We confirm, to the best of our knowledge and belief, as of the date of your independent auditor's report, 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 arrangement letter dated September 12, 2014, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. 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.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. We believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate to the financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission 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.

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
Revenue recorded in 2014 that relates to 2013	\$ -	\$ -	\$ 1,042	\$ (1,042)	\$ -
Projected error of unrecorded accounts payable	-	1,350	-	-	1,350
Total Statement of Revenues, Expenses, and Changes of Net Position Effect			(2,392)	<u>\$ (1,042)</u>	<u>\$ 1,350</u>
Total Statement of Net Position Effect	<u>\$ -</u>	<u>\$ 1,350</u>	<u>\$ (1,350)</u>		

9. We have identified for you all organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, that are:
- Component units.
 - Other organizations for which the nature and significance of their relationship with the NCLB are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
 - Jointly governed organizations in which we participated.
10. We have identified for you all of our funds, governmental functions, and identifiable business-type activities.
11. We have properly classified all funds and activities.

Information Provided

12. We have provided you with:
- 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.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - Minutes of the meetings of the Board of Directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.


13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of allegations of fraud or suspected fraud, affecting the NCLB's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the NCLB's financial statements received in communications from employees, former employees, analysts, regulators, or others.
17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
18. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.
19. We have disclosed to you the identity of the NCLB's related parties and all related-party relationships and transactions of which we are aware.
20. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the NCLB's ability to record, process, summarize, and report financial data.
21. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
22. We know of no violations of state or federal statutory or regulatory provisions, grants or other contractual provisions, or of provisions of local ordinances.
23. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
24. Net positions invested in capital assets, and fund balances are properly classified and, when applicable, approved.
25. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
26. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and OMB Circular No. A-133, because we have not received, expended, or otherwise been the beneficiary of any federal awards over \$500,000 during the period of this audit.

Government Auditing Standards

27. We are responsible for compliance with laws and regulations applicable to the NCLB, including the requirement of adopting, approving, and amending budgets.
28. We have identified and disclosed to you:
 - a. All laws and regulations that have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
 - b. Violations and possible violations of laws, regulations, and provisions of contracts and other agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
29. We have taken timely and appropriate action to evaluate and address fraud, illegal acts, violations of provisions of contracts or other agreements, or abuse that has been reported, if any.
30. We have implemented a process to track the status of audit findings and recommendations.
31. We have identified for you previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective action taken to address significant findings and recommendations.
32. We have provided you with our views on your reported findings, conclusions, and recommendations, as well as our planned corrective actions for the report, if any.
33. We have reviewed, approved, and take full responsibility for all adjustments, the financial statements, related notes, and required supplementary information and acknowledge the auditor's role in the preparation of this information.
34. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Very truly yours,


NEWBURGH COMMUNITY LAND BANK



Michael Vatter, Esq., Board Chair

9/29/14

Date



Madeline Fletcher, Esq., Executive Director

9/29/14

Date