



September 18, 2013

Board of Directors
Newburgh Community Land Bank
83 Broadway
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, 2013. 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,

BOLLAM, SHEEDY, TORANI & CO. LLP

Paul L. Goetz, Partner

PLG/dmc

NEWBURGH COMMUNITY LAND BANK

**COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
Year Ended June 30, 2013**

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 July 26, 2013.

Accounting 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. All significant accounting policies adopted by the NCLB in its initial year of operations are described in footnote 1 to the financial statements.

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 Accounting Estimates.

Audit Adjustments

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

Uncorrected Misstatements

There were no uncorrected misstatements noted during our audit of the financial statements.

NEWBURGH COMMUNITY LAND BANK

**COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
Year Ended December 31, 2012**

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 or were 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.

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 C.

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,

BOLLAM, SHEEDY, TORANI & CO. LLP



Paul L. Goetz, Partner

PLG/dmc

NEWBURGH COMMUNITY LAND BANK

SUMMARY OF ACCOUNTING ESTIMATES
Year Ended June 30, 2013

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 compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the NCLB's June 30, 2013, financial statements:

Estimates	Accounting Policy	Estimation Process
Accounts Receivable - Allowance for Doubtful Accounts	An allowance is based on a review of the NCLB's outstanding receivables.	Management determines the allowance for accounts receivable by identifying troubled accounts.
Depreciation Expense	At the time an asset is inventoried, 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 determined.

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, 2013

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Net Position	Revenue	Expense
To record outstanding checks as of June 30, 2013	\$ (1,203)	\$ -	\$ -	\$ -	\$ 1,203
To record grants receivable as of June 30, 2013	14,915	-	-	14,915	-
To record prepaid expenses as of June 30, 2013	5,833	-	-	-	(5,833)
To capitalize property expenses	17,679	-	-	(2,825)	(20,504)
To capitalize equipment purchase and record related depreciation	1,072	-	-	-	(1,072)
To record accounts payable as of June 30, 2013	6	9,705	-	-	9,699
To record unearned grant revenue	-	6,500	-	(6,500)	-
Total Statement of Revenues, Expenses, and Change of Net Position Effect			<u>22,097</u>	<u>\$ 5,590</u>	<u>\$ (16,507)</u>
Total Statement of Net Position Effect	<u>\$ 38,302</u>	<u>\$ 16,205</u>	<u>\$ 22,097</u>		

NEWBURGH COMMUNITY LAND BANK
CERTAIN WRITTEN COMMUNICATIONS BETWEEN
MANAGEMENT AND OUR FIRM
Year Ended June 30, 2013

Representation Letter



September 18, 2013

Bollam, Sheedy, Torani & Co. LLP
26 Computer Drive West
Albany, NY 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, 2013, and the related 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. We confirm that we are responsible for the fair presentation of the financial statement of net position; statement of revenues, expenses, and changes in net position, and cash flows in conformity 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 July 26, 2013, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. The NCLB's accounting principles and the practices and methods followed in applying them, are as disclosed in the financial statements, and there have been no changes during the year ended June 30, 2013, in the NCLB's accounting principles and practices (other than the initial adoption).
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 used by us in making accounting estimates, including those measured at fair value, are reasonable.
6. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP, if any.
7. 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.
8. We have properly classified all activities.
9. We are responsible for compliance with laws and regulations applicable to the NCLB including adopting, approving, and amending budgets.

Newburgh Community Land Bank, Inc.*PO BOX 152 Newburgh, NY 12550*845-569-7350

10. The following have been properly recorded and/or disclosed in the financial statements:
- a. All significant estimates and/or material concentrations known to management which are required to be disclosed in accordance with the AICPA's Statement of Position No. 94-6, *Disclosure of Certain Significant Risks and Uncertainties*. Significant estimates are estimates at the statement of net position date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Deposit and/or investment disclosures required under Sections C20: *Cash Deposits with Financial Institutions* and I50: *Investments*, of GASB's Codification of Governmental Accounting and Financial Reporting Standards. Net position classifications.
 - b. The effect on the financial statements of GASB Statements which have been issued, but which we have not yet adopted.

Information Provided

11. We have provided you with:
- a. All financial records and related data.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the NCLB from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Directors and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - e. All communications from grantors, lenders, other funding sources, or regulatory agencies concerning noncompliance with:
 - 1) Statutory, regulatory, or contractual provisions or requirements, and
 - 2) Financial reporting practices that could have a material effect on the financial statements.
12. All transactions have been recorded in the accounting records and are reflected in the financial statements.
13. 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.
14. 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.
15. 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, or others.

16. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
17. We know of no violations of state or federal statutory or regulatory provisions, grants or other contractual provisions, or of provisions of local ordinances.
18. We are not aware of any pending or threatened litigation or 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 are aware of no 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 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.
23. We have no plans or intentions that may materially affect the carrying value or classification of assets.
24. We are responsible for making the accounting estimates included in the financial statements. Those estimates 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. In that regard, adequate provisions and disclosures have been made:
 - a. To reduce receivables to their estimated net collectible amounts.
 - b. To reduce obsolete, damaged, or excess inventories to their estimated net realizable values.
 - c. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.
25. There are no:
 - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.
 - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement 62 or GASB Statement No. 10.
 - d. Authorized but unissued bonds or notes.
 - e. Risk financing activities.

- f. Derivative financial instruments.
- g. Related-party transactions, including those as defined in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, all of which have been recorded in accordance with the economic substance of the transaction and appropriately classified and reported.
- h. Guarantees, whether written or oral, under which the NCLB is contingently liable.
- i. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
- j. Lines-of-credit or similar arrangements.
- k. Agreements to repurchase assets previously sold.
- l. Security agreements in effect under the Uniform Commercial Code.
- m. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
- n. Investments to be measured at fair value.
- o. Contractual obligations for construction or purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
- p. Liabilities which are subordinated in any way to any other actual or possible liabilities.
- q. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
- r. Debt issue provisions.
- s. Leases or material amounts of rental obligations under long-term leases.
- t. Special or extraordinary items.
- u. Arbitrage rebate liabilities.
- v. Impairment of capital assets.
- w. Risk retention losses, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2013, or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2013.
- x. Pension obligations, post-retirement benefits other than pensions, or deferred compensation agreements attributable to employee services rendered through June 30, 2013.
- y. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
- z. Material losses to be sustained as a result of purchase commitments.
- aa. Environmental clean-up obligations.

26. The NCLB has satisfactory title to all owned assets.
27. Net positions invested in capital assets, net of related debt: restricted: and unrestricted are properly classified and, when applicable, approved.
28. Expenses have been appropriately classified in the statement of revenues, expenses, and changes in net position.
29. Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position.
30. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
31. We are responsible for and have reviewed and approved the proposed adjustments to the trial balances identified during the audit and will post all adjustments accordingly. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statements and related notes.
32. 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.
33. With respect to the required supplementary information presented in the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
34. We are responsible for determining that significant events or transactions that have occurred since the statement of net position date and through September 18, 2013, have been recognized or disclosed in the financial statements. No events or transactions have occurred subsequent to the statement of net position date and through September 18, 2013, that would require recognition or disclosure in the financial statements. We further represent that as of September 18, 2013, the financial statements were complete in a form and format that complied with U.S. GAAP, and all approvals necessary for issuance of the financial statements had been obtained.
35. 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.

Government Auditing Standards

36. We are responsible for compliance with laws and regulations applicable to the NCLB, including the requirement of adopting, approving, and amending budgets.
37. 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 or other financial data significant to audit objectives.
 - 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.

38. 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.
39. We have implemented a process to track the status of audit findings and recommendations.
40. 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 correction action taken to address significant findings and recommendations.
41. We have provided you with our views on your reported findings, conclusions, and recommendations, as well as our planned correction actions for the report, if any.
42. The undersigned have overseen the services listed below, and have established and maintained internal controls, including the monitoring of ongoing activities related to the non-attest services as follows:
 - a. Adjusting journal entries, and
 - b. Drafting of financial statements.

Very truly yours,

NEWBURGH COMMUNITY LAND BANK



Michael Vatter, Esq., Board Chair



Madeline Fletcher, Esq., Consulting Director