

ROCHESTER LAND BANK CORPORATION

Financial Statements

June 30, 2023

(With Independent Auditors' Report Thereon)

ROCHESTER LAND BANK CORPORATION

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 6
Financial Statements:	
Statements of Financial Position	7
Statements of Activities	8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 13
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 <u>Government Auditing Standards</u>	14 - 15

\* \* \* \* \*

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Rochester Land Bank Corporation:

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the Rochester Land Bank Corporation (the Corporation), a component unit of the City of Rochester, New York, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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. 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 other 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.

## 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 opinions. 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:

- Exercise 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.

## Prior Period Financial Statements

The financial statements of the Corporation as of June 30, 2022, were audited by other auditors whose report dated September 15, 2022, expressed an unmodified opinion on those statements.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 September 25, 2023 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 Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Rochester, New York  
September 25, 2023

As management of the Rochester Land Bank Corporation, we offer readers of the Rochester Land Bank Corporation's financial statements this narrative overview and analysis of the financial activities of the Rochester Land Bank Corporation for the fiscal year ended June 30, 2023.

### Financial Highlights

The assets of the Rochester Land Bank Corporation exceeded its liabilities at the close of the most recent fiscal year by \$1,140,588 (*net position*). Of this amount, \$1,140,588 (*unrestricted net position*) may be used to meet the Rochester Land Bank Corporation's ongoing obligations.

The Rochester Land Bank Corporation's existing assets are comprised of resale proceeds and grant proceeds, received from the Land Bank Initiative (LBI) grant program offered through the New York State Homes and Community Renewal (HCR) office and from the City of Rochester. The Land Bank was awarded \$100,000 for Phase 1 of the LBI grant program during the current fiscal year. The City of Rochester awarded no grant funds to the Land Bank during the current fiscal year.

The Rochester Land Bank Corporation utilizes grant funding to supplement the City's investments in transforming vacant properties into affordable owner-occupied housing, develop new infill housing for homeownership in strategic project areas, and fund certain staffing positions. The Rochester Land Bank Corporation has executed agreements with the Rochester Housing Development Fund Corporation (RHDFC), the Greater Rochester Housing Partnership (GRHP), the City of Rochester, and maintains relationships with various other partners such as Home Headquarters and Rosario Home Improvements.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Rochester Land Bank Corporation's basic financial statements. The Rochester Land Bank Corporation's basic financial statements comprise two components: 1) corporation-wide financial statements and 2) notes to the financial statements.

**Corporation-wide financial statements.** The *corporation-wide financial statements* are designed to provide readers with a broad overview of the Rochester Land Bank Corporation's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Rochester Land Bank Corporation's assets and liabilities, with the difference between the two 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 Rochester Land Bank Corporation is improving or deteriorating.

The *statement of revenues, expenses, and changes in net position* presents information showing how the Corporation's net position changed during the most recent fiscal year. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The corporation-wide financial statements can be found on pages immediately following this section.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the corporation-wide financial statements. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

### Corporation-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Rochester Land Bank Corporation, assets exceed liabilities by \$1,140,588 at the close of the most recent fiscal year. The Rochester Land Bank Corporation's net position consists primarily of grant proceeds.

## Rochester Land Bank Corporation's Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>	\$1,196,252	\$1,564,321	\$1,320,676
<b>Liabilities</b>	<u>55,664</u>	<u>6,122</u>	<u>246,718</u>
<b>Net Position</b>	<u>\$1,140,588</u>	<u>\$1,558,199</u>	<u>\$1,073,958</u>
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Operating Revenues</b>	\$568,622	\$1,251,740	\$981,439
<b>Operating Expenses</b>	<u>986,233</u>	<u>767,499</u>	<u>1,086,049</u>
<b>Change in net position</b>	(417,611)	484,241	(104,610)
<b>Net position - beginning of year</b>	<u>1,558,199</u>	<u>1,073,958</u>	<u>1,178,568</u>
<b>Net position - end of year</b>	<u>\$1,140,588</u>	<u>\$1,558,199</u>	<u>\$1,073,958</u>

### Financial Analysis of the Corporation's Funds

**Unrestricted Funds.** The unrestricted funds consists primarily of resale proceeds and grant proceeds from the Land Bank Initiative ("LBI") grant offered through the New York State Homes and Community Renewal (HCR) office and the City of Rochester.

#### Economic Factors

Total non-farm employment in New York State increased by 2.0%, or 186,000 jobs, from June 2022 to June 2023. Total non-farm employment in the Rochester Metropolitan Area increased by 1.2%, or 6,500 jobs, over this same time period. Private sector job gains accounted for the majority of the increase in Rochester (4,400 jobs),

As of June 2023, the primary labor force segment of the Rochester Metropolitan area's civilian labor force continued to be education and health services (24.4%), followed by trade, transportation, and utilities (15.6%), government (14.4%), professional and business services (12.7%) and manufacturing (10.6%).

As of May 2022, the top five largest employers in the Rochester area are University of Rochester, Rochester Regional Health System, Wegmans Food Markets, Inc., Paychex, and the Rochester Institute of Technology. The University of Rochester is the largest employer, as the Rochester region economy continues to transition from an economy which was heavily based on manufacturing decades ago to one with a greater emphasis on education, health services, and professional/business services. The University of Rochester was responsible for 31,940 jobs in May 2022. A significant share of the university's growth has occurred at the University of Rochester Medical Center as Strong Health extends clinical service penetration beyond the metropolitan area and URMC expands its research facilities and total employment.

The unemployment rate for the Rochester metro area was 3.1% as of June 2023, compared to the unemployment rate for New York State (3.9%) and the Nation (3.6%). That being said, we are aware that for certain parts of the City of Rochester, the unemployment rate for some populations may be as high as 40%. The poverty rate for the city as of July 2022 was 29.3%.

**Requests for Information**

This financial report is designed to provide a general overview of the Rochester Land Bank Corporation's finances for all those with an interest in the corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Rochester Land Bank Corporation, City Hall – Room 125B, 30 Church Street, Rochester, NY 14614.

**ROCHESTER LAND BANK CORPORATION**  
**(A COMPONENT UNIT OF CITY OF ROCHESTER)**  
**STATEMENTS OF NET POSITION**  
For the Years Ended June 30,

ASSETS	2023	2022
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,145,071	\$ 1,424,317
Accounts receivable	0	140,004
Due from City of Rochester	51,181	0
Total assets	1,196,252	1,564,321
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	4,483	6,122
Due to City of Rochester	51,181	-
	55,664	6,122
<b>Net position:</b>		
Unrestricted	\$ 1,140,588	\$ 1,558,199

See accompanying notes to financial statements.

**ROCHESTER LAND BANK CORPORATION**  
**(A COMPONENT UNIT OF CITY OF ROCHESTER)**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
<b>Operating revenues:</b>		
NYS grant	\$ 71,510	\$ 361,522
City of Rochester Grant	-	500,000
Donations	215,442	242,814
Sale of real estate	281,670	147,404
	<u>568,622</u>	<u>1,251,740</u>
<b>Operating expenses:</b>		
Acquisition costs	639,896	155,128
Renovation and construction	0	328,000
Salary and benefits	266,623	242,814
Demolition	0	0
Professional services	22,802	37,658
Other expenses	56,912	3,899
Total operating expenses	<u>986,233</u>	<u>767,499</u>
Operating income	<u>(417,611)</u>	<u>484,241</u>
Net position - beginning of year	<u>1,558,199</u>	<u>1,073,958</u>
Net position - end of year	<u>\$ 1,140,588</u>	<u>\$ 1,558,199</u>

See accompanying notes to financial statements.

**ROCHESTER LAND BANK CORPORATION**  
**(A COMPONENT UNIT OF CITY OF ROCHESTER)**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30,**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Cash received from grants	\$ 45,920	\$ 867,825
Cash received from sale of real estate	421,675	7,400
Payments to service providers	(746,841)	(765,281)
<b>Net cash provided by operating activities</b>	<u>(279,246)</u>	<u>109,944</u>
 Net increase (decrease) in cash and cash equivalents	 (279,246)	 109,944
 Cash and cash equivalents - beginning of year	 <u>1,424,317</u>	 <u>1,314,373</u>
 <b>Cash and cash equivalents - end of year</b>	 <u><u>\$ 1,145,071</u></u>	 <u><u>\$ 1,424,317</u></u>
 Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ (417,611)	\$ 484,241
Change in assets and liabilities:		
Decrease (increase) in:		
Due from other governments	(51,181)	6,303
Decrease (increase) in:		
Accounts receivable	140,004	(140,004)
Increase (decrease) in:		
Accounts payable	(1,639)	(34,601)
Due to City of Rochester	51,181	(205,995)
Net cash provided by operating activities	<u><u>\$ (279,246)</u></u>	<u><u>\$ 109,944</u></u>

See accompanying notes to financial statements.

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

---

**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 (the "City") 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. The Corporation has no net position in this class.
- 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. The Corporation has no net position in this class.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**C. RECEIVABLES**

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

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

---

**D. INCOME TAXES**

The Corporation is a Public Benefit Corporation of the State of New York and is exempt from federal income taxes under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes has been made on the accompanying financial statements.

**E. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes certificates of deposit which mature within ninety (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.

**G. ACCOUNTING PRONOUNCEMENTS**

The Corporation has evaluated the provisions of Statement No. 91, *Conduit Debt Obligations*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements* and part of the provisions of GASB Statement No. 99, *Omnibus 2022* and determined that they have no significant impact on the Corporation's financial statements.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the Corporation, for their potential impact in future years.

- Statement No. 99, *Omnibus 2022*, which will be effective based on individual applications. Earlier implementation is encouraged.
- Statement No. 100, *Accounting Changes and Error Corrections – and amendment of GASB Statement No. 62*, which will be effective for the year ending June 30, 2024.
- Statement No. 101, *Compensated Absences*, which will be effective for the year ending June 30, 2025.

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

**A. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents totaled \$1,145,071 and \$1,424,317 at June 30, 2023 and 2022, respectively. 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**

---

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 balances were fully collateralized at June 30, 2023 and 2022.

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.

**B. DUE TO/FROM CITY OF ROCHESTER**

Throughout the year the City of Rochester will disburse funds for vendors and payroll and the Corporation will reimburse them accordingly. Amounts due from the City of Rochester were as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Revenue transferred in error	\$ <u>51,181</u>	\$ <u>0</u>
Total	\$ <u>51,181</u>	\$ <u>0</u>

Amounts due to the City of Rochester were as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Salary and benefits	\$ <u>51,181</u>	\$ <u>0</u>
Total	\$ <u>51,181</u>	\$ <u>0</u>

**C. CONTINGENCIES**

**Grants** – In the normal course of operations, the Corporation receives grant funds from various State and Local agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the Corporation. While the amount of any expenditures which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

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

---

**NOTE 4. CONTRIBUTED NONFINANCIAL ASSETS**

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets included the following:

	<u>2023</u>	<u>2022</u>
Services	<u>\$ 215,442</u>	<u>\$ 242,814</u>

Contributed services recognized are comprised of professional services related to the operations of the Corporation. Amounts represent an estimated percentage of time worked on Corporation related activity by City of Rochester employees.

**NOTE 5. SUBSEQUENT EVENTS**

These financial statements have not been updated for subsequent events occurring after September 25, 2023 which is the date these financial statements were available to be issued.

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

The Board of Directors  
Rochester Land Bank Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Rochester Land Bank Corporation (the Corporation) a component unit of the City of Rochester, New York, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 25, 2023.

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 opinions 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 Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## 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.

## 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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Rochester, New York  
September 25, 2023