

**AUDITED
BASIC FINANCIAL STATEMENTS**

ROCHESTER LAND BANK CORPORATION

JUNE 30, 2022

ROCHESTER LAND BANK CORPORATION
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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of the
Rochester Land Bank Corporation
Rochester, New York

Report on the Audit of the Financial Statements

Opinions

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 years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's 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 auditor's 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 our audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed on 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 auditing standards generally accepted in the United States of America, 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 15, 2022 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.

Freed Maxick CPAs, P.C.

Rochester, New York
September 15, 2022

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, 2022.

Financial Highlights

The assets of the Rochester Land Bank Corporation exceeded its liabilities at the close of the most recent fiscal year by \$1,558,199 (*net position*). Of this amount, \$1,558,199 (*unrestricted net position*) may be used to meet the Rochester Land Bank Corporation's ongoing obligations.

The Rochester Land Bank Corporation's assets are comprised primarily of grant proceeds, received from both the Community Revitalization Initiative ("CRI") grant program offered through the New York State Office of the Attorney General, and from the City of Rochester. The New York State Office of the Attorney General awarded the Rochester Land Bank Corporation four grants. The first grant in the amount of \$2,780,942 had a term of 24 months commencing January 1, 2014 through December 31, 2015. The second grant in the amount of \$1,864,820 had a term of 24 months commencing January 1, 2015 through December 31, 2016. The third grant in the amount of \$1,500,000 had a term of 24 months commencing January 1, 2017 through December 31, 2018. The fourth grant in the amount of \$1,300,000 had a term of 24 months commencing January 1, 2019 through December 31, 2020. The term of the fourth grant was modified to increase the amount by \$610,000 and extended the term through March 31, 2022. The City of Rochester awarded the Land Bank \$500,000 during Fiscal Year 2022.

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, demolish blighted structures, 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 assets 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 assets 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 \$1,558,199 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>2022</u>	<u>2021</u>
Assets	\$ <u>1,564,321</u>	\$ <u>1,320,676</u>
Liabilities	<u>6,122</u>	<u>246,718</u>
Net position	\$ <u>1,558,199</u>	\$ <u>1,073,958</u>

	<u>2022</u>	<u>2021</u>
Operating Revenues	\$1,008,926	\$ 981,439
Operating Expenses	<u>524,685</u>	<u>1,086,049</u>
Change in net position	484,241	(104,610)
Net position – beginning of year	<u>1,073,958</u>	<u>1,178,568</u>
Net position – end of year	\$ <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 the grant proceeds from the Community Revitalization Initiative ("CRI") grant proceeds offered through the New York State Office of the Attorney General and the City of Rochester.

Economic Factors

Total non-farm employment in New York State increased by 5.0% from June 2021 to June 2022. The State gained 412,100 private sector jobs (5.4%) from June 2021 to June 2022. Some of the employment sectors experiencing the largest changes included: leisure and hospitality (increased by 19.2% or 136,000 jobs), arts, entertainment and recreation (increased by 26.2% or 30,500 jobs), and accommodation and food services (increased by 17.8% or 105,500 jobs). State government decreased by 1.3% (3,200 jobs). Local government increased by 4% (42,500 jobs).

Total non-farm employment in the Rochester Metropolitan Area increased by 2.2%, or 11,100 jobs, over this same time period. Private sector job gains accounted for an increase of 2.3% or 10,100 jobs. Leisure and hospitality increased by 5.9%, or 2,500 jobs. Construction increased by 6.3% or 1,400 jobs.

Also as of June 2022, the primary labor force segment of the Rochester Metropolitan area's civilian labor force continued to be education and health services (22.7%), followed by trade, transportation, and utilities (15.1%), government (14.0%), professional and business services (11.9%) and manufacturing (10.2%).

As of December 2021, 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 32,211 jobs in December 2021. 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 3.4% as of June 2022 (decrease from 5.4% as of June 2021). This compares to the unemployment rate for New York State of 4.4% as of June 2022 (decrease from 7.4% as of June 2021), and for the nation of 3.6% as of June 2022 (decrease from 5.9% as of June 2021). 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 2021 was 30.4%.

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,

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,424,317	\$ 1,314,373
Accounts receivable	140,004	-
Due from City of Rochester	-	6,303
Total assets	<u>1,564,321</u>	<u>1,320,676</u>
 LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	6,122	40,723
Due to City of Rochester	-	205,995
	<u>6,122</u>	<u>246,718</u>
 Net position:		
Unrestricted	\$ <u>1,558,199</u>	\$ <u>1,073,958</u>

See accompanying notes.

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>2022</u>	<u>2021</u>
Operating revenues:		
NYS grant	\$ 361,522	\$ 818,529
City of Rochester grant	500,000	-
Sale of real estate	147,404	162,910
Total operating revenues	<u>1,008,926</u>	<u>981,439</u>
Operating expenses:		
Acquisition costs	155,128	8,000
Renovation and construction	328,000	863,725
Salary and benefits	-	72,324
Demolition	-	100,000
Professional services	37,658	11,405
Other expenses	3,899	30,595
Total operating expenses	<u>524,685</u>	<u>1,086,049</u>
Change in net position	484,241	(104,610)
Net position - beginning	<u>1,073,958</u>	<u>1,178,568</u>
Net position - ending	<u>\$ 1,558,199</u>	<u>\$ 1,073,958</u>

See accompanying notes.

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

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from grants	\$ 867,825	\$ 970,480
Cash received from sale of real estate	7,400	162,910
Payments to service providers	(765,281)	(812,638)
Payments for employee services	-	(93,979)
Net cash provided by operating activities	<u>109,944</u>	<u>226,773</u>
Net increase in cash and cash equivalents	109,944	226,773
Cash and cash equivalents - beginning of year	<u>1,314,373</u>	<u>1,087,600</u>
Cash and cash equivalents - end of year	<u>\$ 1,424,317</u>	<u>\$ 1,314,373</u>
Reconciliation of change in net position net cash provided by operating activities:		
Change in net position	\$ 484,241	\$ (104,610)
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(140,004)	-
Due from other governments	6,303	151,951
Increase (decrease) in:		
Accounts payable	(34,601)	39,242
Due to City of Rochester	(205,995)	140,190
Net cash provided by operating activities	<u>\$ 109,944</u>	<u>\$ 226,773</u>

See accompanying notes.

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.

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.

ROCHESTER LAND BANK CORPORATION
NOTES TO BASIC FINANCIAL STATEMENTS

E. USE OF ESTIMATES IN PREPARATION OF THE FINANCIAL STATEMENTS

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.

F. ACCOUNTING PRONOUNCEMENTS

The Corporation has evaluated the provisions of Statement No. 87, *Leases*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 92, *Omnibus 2020*, Statement No. 93, *Replacement of Interbank Offered Rates* and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32* 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. 91, *Conduit Debt Obligations*, which will be effective for the year ending June 30, 2023.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending June 30, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending June 30, 2023.
- Statement No. 99, *Omnibus 2022*, which will be effective based on individual applications. Earlier implementation is encouraged and permitted.
- Statement No. 100, *Accounting Changes and Error Corrections – an 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 \$1,424,317 and \$1,314,373 at June 30, 2022 and 2021, 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.

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, 2022 and 2021.

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.

ROCHESTER LAND BANK CORPORATION
NOTES TO BASIC FINANCIAL STATEMENTS

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

	<u>2022</u>	<u>2021</u>
Construction/acquisition	\$ -	\$ 46,522
Revenue transferred in error	-	158,255
Salary and benefits	-	1,218
Total	<u>\$ -</u>	<u>\$ 205,995</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.

NOTE 4. SUBSEQUENT EVENTS

These financial statements have not been updated for subsequent events occurring after September 15, 2022, which is the date these financial statements were available to be issued.

INTERNAL CONTROLS AND COMPLIANCE

**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**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rochester Land Bank Corporation
Rochester, New York

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 Rochester Land Bank Corporation, (the Corporation), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 15, 2022.

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 of 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 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 of 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.

Freed Maxick CPAs, P.C.

Rochester, New York
September 15, 2022