

LANCASTER REDEVELOPMENT FUND, INC.

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2023 and 2022

LANCASTER REDEVELOPMENT FUND, INC.  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2012

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# Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Lancaster Redevelopment Fund, Inc.  
Lancaster, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of Net Position, Revenue, Expenses, and Changes in Net Position, and Cash Flows of the Lancaster Redevelopment Fund, Inc., as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Lancaster Redevelopment Fund, Inc.'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 net position of the Authority as of December 31, 2023 and 2022, and the changes in its net position and its cash flows 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lancaster Redevelopment Fund, Inc. 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 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 Lancaster Redevelopment Fund, Inc.'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 generally accepted auditing standards 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 generally accepted auditing standards 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 Lancaster Redevelopment Fund, Inc.'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 Lancaster Redevelopment Fund, Inc.'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.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lancaster Redevelopment Fund, Inc.'s basic financial statements. The accompanying schedule of expenditures of federal awards is required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024 on our consideration of the Lancaster Redevelopment Fund, Inc.'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 Lancaster Redevelopment Fund, Inc.'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 Lancaster Redevelopment Fund, Inc.'s internal control over financial reporting and compliance.



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Wayne, New Jersey  
June 25, 2024

LANCASTER REDEVELOPMENT FUND, INC  
Lancaster, Pennsylvania

COMPARATIVE STATEMENTS OF NET POSITION  
As of December 31, 2023 and 2022

	2023	2022
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 33,391	\$ 36,481
Restricted Cash	235,968	198,677
Total Cash	269,359	235,158
Fixed Assets	762,447	-
 TOTAL ASSETS	 \$ 1,031,806	 \$ 235,158
 <u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	29,009	8,989
 TOTAL LIABILITIES	 29,009	 8,989
 <u>NET POSITION</u>		
With Donor Restrictions	219,105	198,677
Unrestricted Net Position	783,692	27,492
 TOTAL NET POSITION	 1,002,797	 226,169
 TOTAL LIABILITIES & NET ASSETS	 \$ 1,031,806	 \$ 235,158

LANCASTER REDEVELOPMENT FUND, INC  
Lancaster, Pennsylvania

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
For the Years Ended December 31, 2023 and 2022

	December 31, 2023			December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>OPERATING REVENUES</u>						
Contributions Received	\$ 101,684	\$ 809,834	\$ 911,518	\$ 1,900	\$ 86,027	\$ 87,927
Total Operating Revenues	<u>101,684</u>	<u>809,834</u>	<u>911,518</u>	<u>1,900</u>	<u>86,027</u>	<u>87,927</u>
Net Assets Released from Restriction	778,654	(778,654)	-	5,314	(5,314)	-
Total Revenues	<u>880,338</u>	<u>31,180</u>	<u>911,518</u>	<u>7,214</u>	<u>80,713</u>	<u>87,927</u>
<u>Management and General</u>						
Administrative Services	37,004	-	37,004	9,284	-	9,284
Professional Services	-	-	-	549	-	549
Total Operating Expenses	<u>37,004</u>	<u>-</u>	<u>37,004</u>	<u>9,833</u>	<u>-</u>	<u>9,833</u>
<u>PROGRAM EXPENSES</u>						
Grants Awarded	<u>89,406</u>	<u>10,752</u>	<u>100,158</u>	<u>5,314</u>	<u>-</u>	<u>5,314</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>						
Interest Earned	<u>2,272</u>	<u>-</u>	<u>2,272</u>	<u>192</u>	<u>-</u>	<u>192</u>
CHANGE IN NET ASSETS	756,200	20,428	776,628	(7,741)	80,713	72,972
NET ASSETS - BEGINNING OF YEAR	<u>27,492</u>	<u>198,677</u>	<u>226,169</u>	<u>35,233</u>	<u>117,964</u>	<u>153,197</u>
NET ASSETS - END OF YEAR	<u>\$ 783,692</u>	<u>\$ 219,105</u>	<u>\$ 1,002,797</u>	<u>\$ 27,492</u>	<u>\$ 198,677</u>	<u>\$ 226,169</u>

LANCASTER COUNTY LAND BANK AUTHORITY  
Lancaster, Pennsylvania

STATEMENT OF CASH FLOWS  
For The Years Ended December 31, 2023 and 2022

	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Received:		
For Other Operating Revenues	\$ 911,518	\$ 112,927
Interest Earned	2,272	192
Cash Paid:		
To Suppliers for Operations	(16,984)	(25,808)
Grants Paid	(100,158)	(5,314)
Cash Provided (Used) by Operating Activities	796,648	81,997
 <u>CASH FLOWS USED BY FINANCING ACTIVITIES</u>		
<u>FINANCIAL STATEMENTS</u>		
Grants Paid	-	-
Acquisition of Property and Equipment	(762,447)	-
Cash Used by Financing Activities	(762,447)	-
Increase in Cash and Cash Equivalents	34,201	81,997
Cash and Cash Equivalents - Beginning of Year	235,158	153,161
Cash and Cash Equivalents - End of Year	\$ 269,359	\$ 235,158
 <u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>		
<u>TO NET CASH PROVIDED (USED) BY OPERATIONS</u>		
Operating Income/(Loss)	776,628	78,094
Adjustments to Reconcile Operating Income/(Loss) to Net		
Cash Provided (Used) by Operating Activities		
Decrease/(Increase) in Assets	-	25,000
Increase/(Decrease) in Liabilities		
Accounts Payable	20,020	(15,975)
Net Cash Provided/(Used) by Operating Activities	\$ 796,648	\$ 87,119

LANCASTER REDEVELOPMENT FUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

NOTE 1 – Summary of Organization, Activities

Organization – The Lancaster Redevelopment Fund, Inc. (the Fund) is incorporated under the Nonprofit Corporation Law of 1988 of the Commonwealth of Pennsylvania (NPCL). The Fund is organized and operated exclusively for the following charitable, educational, and scientific purpose within the meaning of Section 501(c)(3) of the Internal Revenue Code, as amended (the Code):

To establish an organization to support community development, downtown revitalization, historic preservation and blight remediation in historic downtowns and low/moderate income areas of townships, village centers and boroughs, and without otherwise limiting its powers, engaging in any lawful act or activity in furtherance of its purposes and for which a nonprofit corporation may be formed under NPCL, and which may be undertaken by a corporation that is exempt from taxation under the Code.

Through an administrative agreement with the Redevelopment Authority of the County of Lancaster (Redevelopment Authority), the Redevelopment Authority manages, oversees and operates the everyday activities of the Fund. Redevelopment Authority personnel are also responsible for maintaining accurate financial records, facilitating the payment of operational expenses, and all external financial reporting.

The Board of Directors is comprised of five (5) members in accordance with the Bylaws of the Fund. Each member of the Board of the Redevelopment Authority of the County of Lancaster has been elected to serve as a director of the Fund for the same term as his or her term as a director on the board of the Redevelopment Authority.

Activities – The Fund serves as a funding platform for private contributions supporting projects of the Lancaster County Land Bank Authority, the Redevelopment Authority of the County of Lancaster, and any other qualified recipients as determined by the Board of Directors.

NOTE 2 – Significant Accounting Policies

Basis of Accounting

The financial statements of the Lancaster Redevelopment Fund, Inc. have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Report Presentation

The financial statements included in this report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America.

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 amounts reported in the financial statements and the Fund notes. Actual results could differ from those estimates.



LANCASTER REDEVELOPMENT FUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost, which approximates market value. Cash and cash equivalents include cash in bank, certificates of deposit, petty cash, and other investments with original maturities of less than three months from date of purchase.

Net Asset Classes

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board and AU 958-205, "Financial Statements of Not-for-Profit Organizations".

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

The Fund has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations in the United States of America. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of under provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

- Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.
- Net Assets With Donor Restrictions: Net Assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity

Revenue Recognition

The Fund receives funding through contributions from private sources.

The Fund receives contributions from individuals and corporation and private foundations and recognizes revenues under ASU 2018-8 Topic 968-605. Under Topic 605, there are two indicators. A donor- imposed condition which is defined as a donor stipulation that represents a barrier that must be overcome before the recipient is entitled to the assets transferred or promised. The second is an unconditional contribution without donor-imposed conditions and the related revenue is recognized in the period it is received. The Fund also considered whether revenue should be recognized overtime or at a point in time.

The Fund has determined that some of the contributions received contain a barrier to overcome to be entitled to the assets transferred. When those barriers are overcome those contributions will be transferred from Net Assts with Donor Restrictions to Net Assets without Donor Restrictions.

Income Taxes

The Fund is tax exempt under Section 501 (c) (3) and 509 (a) 2 of the Internal Revenue Code, and therefore no provision for federal income tax is required. The preparation of financial

LANCASTER REDEVELOPMENT FUND, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2023

NOTE 2 – Significant Accounting Policies (Continued)

Income Taxes

The Fund is tax exempt under Section 501 (c) (3) and 509 (a) 2 of the Internal Revenue Code, and therefore no provision for federal income tax is required. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization.

The Fund has determined whether any tax positions have met the recognition threshold and has measured the Organization's exposure to those tax positions. Management believes that the Fund has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Corporation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. With few exceptions, the Fund is no longer subject to U.S. federal income tax examinations for years before 2019.

NOTE 3 – Related Party Transactions

Redevelopment Authority of the County of Lancaster

The Fund is co-located with the Redevelopment Authority of the County of Lancaster. The Fund contracts with the Redevelopment Authority for administrative services, which are invoiced quarterly based on the actual amount of time Redevelopment Authority personnel spend on Fund business. Billing for administrative services from the Redevelopment Authority amounted to \$25,609 for 2023, and \$8,988 for 2022.

	<u>2023</u>	<u>2022</u>
Personnel Costs	\$ 24,992	\$ 6,650
Expense Reimbursements	617	2,338
Total	<u>\$ 25,609</u>	<u>\$ 8,988</u>

As of December 31, 2023 the Fund did not release any funds to the Redevelopment Authority of the County of Lancaster. At December 31, 2022 grants paid out of \$5,314 were related to the property located at 332 Locust Street to pay for an overdue sewer bill in order to proceed with the demolition of the property.

Lancaster County Land Bank Authority

For the year ended December 31, 2023 and 2022, The Fund did not award any grants to the Land Bank.

LANCASTER REDEVELOPMENT FUND, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2023

NOTE 4 – Fixed Assets

Capital assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Redevelopment Fund Inc. and are stated at cost less accumulated depreciation. A property at 132-136 South Prince Street was acquired for \$762,447 during the current fiscal year.

NOTE 5 – Contributions Received

The Fund received contributions from four organizations totaling \$911,518 and \$87,927 for the years ended December 31, 2023, and 2022 respectively.

NOTE 6 – Grants Awarded

At December 31, 2023 grants paid out were \$100,158 related to the properties at Prince Street. At December 31, 2022 grants paid out of \$5,314 were related to the property located at 332 Locust Street to pay for an overdue sewer bill in order to proceed with the demolition of the property.

NOTE 7 – Concentration of Credit Risk

The Organization maintains its cash accounts at one bank. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, these balances may exceed the federal insurance limit; however the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2023 and 2022.

Note 8 - Contingency

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. The total financial impact on the Company and the duration cannot be estimated at this time.

NOTE 9 - Cash, Cash Equivalents and Restricted Cash Presented in the Statement of Cash Flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 33,391	\$ 36,481
Restricted Cash Reserves	<u>235,968</u>	<u>198,677</u>
 Total Cash, Cash Equivalents and Restricted Cash Show in the Statement of Cash Flows	 <u><u>\$ 269,359</u></u>	 <u><u>\$ 235,158</u></u>

LANCASTER REDEVELOPMENT FUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

NOTE 10 – Liquidity and Availability of Financial Assets

The following reflects The Lancaster Redevelopment Fund, Inc's. Financial Assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or Board of Director limitations within one year of the statement of financial position.

Financial Assets at Year-End	<u>2023</u>	<u>2022</u>
Cash Equivalents	\$ 235,967	\$ 234,718
Assets Subject to Donor Restrictions	<u>(219,104)</u>	<u>(219,104)</u>
 Total Available Assets for General Obligations in One Year	 <u>\$ 16,863</u>	 <u>\$ 15,614</u>

NOTE 11 - Net Assets With Donor Restrictions

Net Assets released from restrictions represent the satisfaction of time or purpose restrictions and are summarized below for the year ended December 31, 2023:

Funds Established to Support:	Beginning Balance	Grants Received	From Restriction	Ending Balance
Steinman Foundation	\$ 70,000	\$ -	\$ -	\$ 70,000
Santander Bank	32,964	-	-	32,964
Feree Foundation	34,686	-	-	34,686
M&T Bank	10,000	-	-	10,000
PNC	5,000	-	-	5,000
Eader Foundation	10,000	-	-	10,000
Lancaster Co Homelessness	4,812	40,507	(5,967)	39,352
Reentry Coalition	31,215	6,880	(7,529)	30,566
Pine Street	-	-	(2,711)	(2,711)
CDBG Grant	-	762,447	(762,447)	-
Total	<u>\$ 198,677</u>	<u>\$ 809,834</u>	<u>\$ (778,654)</u>	<u>\$ 219,105</u>

Net Assets released from restrictions represent the satisfaction of time or purpose restrictions and are summarized below for the year ended December 31, 2022:

LANCASTER REDEVELOPMENT FUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

NOTE 11 - Net Assets With Donor Restrictions – (Continued)

Funds Established to Support:	Beginning Balance	Grants Received	Released From Restriction	Ending Balance
Steinman Foundation	\$ 45,000	\$ 25,000	\$ -	\$ 70,000
Santander Bank	22,964	10,000	-	32,964
Feree Foundation	30,000	10,000	(5,314)	34,686
M&T Bank	10,000	-	-	10,000
PNC	5,000	-	-	5,000
Eader Foundation	5,000	5,000	-	10,000
Lancaster Co Homelessness	-	4,812	-	4,812
Reentry Coalition	-	31,215	-	31,215
Total	<u>\$ 117,964</u>	<u>\$ 86,027</u>	<u>\$ (5,314)</u>	<u>\$ 198,677</u>

NOTE 12 – Subsequent Events

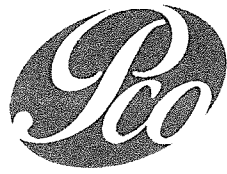
Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through June 25, 2024, the date on which the financial statements were available to be issued. Management has concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

LANCASTER REDEVELOPMENT FUND INC.  
Lancaster, Pennsylvania  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2023

	<u>Funds Expended</u>
Community Development Block Grants (CFDA # 14.218)	\$ <u>762,447</u>
 TOTAL FEDERAL FINANCIAL ASSISTANCE	 \$ <u>762,447</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
2. There were no subrecipient activities during the audit period.
3. The Authority has elected not to use the 10% de minimis cost rate.
4. The Authority received no non-cash assistance.
5. The Authority did not have any HUD issued mortgages or loans.



# Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
Lancaster Redevelopment Fund, Inc.  
Lancaster, Pennsylvania

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 Lancaster Redevelopment Fund, Inc. ("the Authority") as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Lancaster Redevelopment Fund, Inc.'s basic financial statements and have issued our report thereon dated June 25, 2024.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lancaster Redevelopment Fund, Inc. 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 determination of financial statement amounts. 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*.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(Continued)

**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 entity's internal control or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
June 25, 2024





# Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners  
Lancaster Redevelopment Fund, Inc.  
Lancaster, Pennsylvania

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited Lancaster Redevelopment Fund, Inc.'s (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2023. The Lancaster Redevelopment Fund, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lancaster Redevelopment Fund, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2023.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major program. Our audit does not provide a legal determination of the Authority's compliance with the compliance with the compliance requirements referred to above.

#### **Responsibilities of Management on Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

#### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on the Authority's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses internal over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
June 25, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SECTION 1 - SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness Identified?

\_\_\_\_\_ yes     X  no

Significant Deficiencies identified that are

not considered to be material weakness(es)?

\_\_\_\_\_ yes     X  none reported

Noncompliance Material to Financial Statements Noted?

\_\_\_\_\_ yes     X  no

**Federal Awards**

Internal Control over Major Programs:

Material Weakness Identified?

\_\_\_\_\_ yes     X  no

Significant Deficiencies identified that are

not considered to be material weakness(es)?

\_\_\_\_\_ yes     X  none reported

Type of audit report issued on compliance for  
major programs:

Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with 2 CFR 200.516(a)

\_\_\_\_\_ yes     X  no

Identification of Major Programs

CFDA

Number    Name of Federal Program or Cluster

14.218    Community Development Block Grants

Dollar Threshold used to distinguish between type A  
and type B Programs

\$750,000

Auditee qualified as low-risk?

X  yes    \_\_\_\_\_ no

**SECTION 2 – FINANCIAL STATEMENT FINDINGS**

None.

**SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.