

TRI-COG LAND BANK

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## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**TRI-COG LAND BANK**  
HOMESTEAD, PENNSYLVANIA

FINANCIAL STATEMENTS

WITH REPORT OF  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED  
DECEMBER 31, 2018**

**TRI-COG LAND BANK**

**TABLE OF CONTENTS**

|                                           | <b><u>PAGE</u></b> |
|-------------------------------------------|--------------------|
| INDEPENDENT AUDITOR'S REPORT .....        | i-ii               |
| EXHIBIT A – STATEMENT OF NET ASSETS ..... | 1                  |
| EXHIBIT B – STATEMENT OF ACTIVITIES ..... | 2                  |
| EXHIBIT C – STATEMENT OF CASH FLOWS.....  | 3                  |
| NOTES TO THE FINANCIAL STATEMENTS .....   | 4-6                |

**Board of Directors  
Tri-COG Land Bank**

## **Independent Auditor's Report**

### **Report on Financial Statements**

I have audited the accompanying financial statements of the Tri-COG Land Bank, Homestead, Pennsylvania as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Tri-COG Land Bank's basic financial statements as listed in the table of contents.

### **Management's Responsibility 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; this includes 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.

### **Auditor's Responsibility**

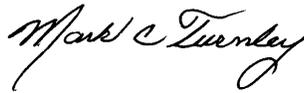
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Tri-COG Land Bank's preparation and fair presentation of the financial statements 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 Tri-COG Land Bank's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tri-COG Land Bank as of December 31, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Mark C. Turnley  
Certified Public Accountant

April 27, 2019  
New Brighton, Pennsylvania

**TRI-COG LAND BANK**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2018**

**ASSETS**

**CURRENT ASSETS**

|                             |                            |
|-----------------------------|----------------------------|
| Cash and Cash Equivalents   | \$ 1,067,392               |
| Due from Members            | 7,588                      |
| Prepaid Expenses            | 4,786                      |
| <b>TOTAL CURRENT ASSETS</b> | <b><u>\$ 1,079,766</u></b> |

**NONCURRENT ASSETS**

|                                |                            |
|--------------------------------|----------------------------|
| Property held for Sale         | 441,500                    |
| <b>TOTAL NONCURRENT ASSETS</b> | <b><u>\$ 441,500</u></b>   |
| <b>TOTAL ASSETS</b>            | <b><u>\$ 1,521,266</u></b> |

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

|                                  |                         |
|----------------------------------|-------------------------|
| Accounts Payable                 | \$ 20,360               |
| <b>TOTAL CURRENT LIABILITIES</b> | <b><u>\$ 20,360</u></b> |
| <b>TOTAL LIABILITIES</b>         | <b><u>\$ 20,360</u></b> |

**NET ASSETS**

|                                         |                            |
|-----------------------------------------|----------------------------|
| Unrestricted                            | \$ 1,500,906               |
| <b>TOTAL NET ASSETS</b>                 | <b><u>\$ 1,500,906</u></b> |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b><u>\$ 1,521,266</u></b> |

**TRI-COG LAND BANK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**REVENUE AND OTHER SUPPORT**

|                                        |                            |
|----------------------------------------|----------------------------|
| Foundation and Endowment Grants        | \$ 576,250                 |
| Land Bank Member Annual Contributions  | 222,286                    |
| Contributed Property                   | 441,500                    |
| Rebuilding Together Pittsburgh Funding | 19,281                     |
| Earnings on Investments                | 900                        |
| Miscellaneous Revenue                  | 601                        |
| <b>TOTAL REVENUE AND OTHER SUPPORT</b> | <b><u>\$ 1,260,818</u></b> |

**PROGRAM EXPENSES**

|                                                |                          |
|------------------------------------------------|--------------------------|
| Property Acquisition Costs                     | \$ 48,320                |
| Property Utilities, Insurance, and Maintenance | 3,454                    |
| Inspections                                    | 4,700                    |
| Application Fees                               | 826                      |
| Staffing Services                              | 134,981                  |
| Professional Fees                              | 33,101                   |
| Asset Management Information System            | 10,500                   |
| Information Technology                         | 4,006                    |
| Insurance                                      | 5,996                    |
| Advertising                                    | 726                      |
| Marketing                                      | 10,981                   |
| Rent                                           | 6,000                    |
| Education and Training                         | 805                      |
| Conference and Travel                          | 459                      |
| Meetings                                       | 6,748                    |
| Office Expenses                                | 378                      |
| <b>TOTAL PROGRAM EXPENSES</b>                  | <b><u>\$ 271,981</u></b> |

**CHANGE IN NET ASSETS**

|                                       |                                   |
|---------------------------------------|-----------------------------------|
|                                       | <b>\$ 988,837</b>                 |
| NET ASSETS - JANUARY 1, 2018          | <u>512,069</u>                    |
| <b>NET ASSETS - DECEMBER 31, 2018</b> | <b><u><u>\$ 1,500,906</u></u></b> |

The accompanying notes are an integral part of these financial statements

**TRI-COG LAND BANK**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|                                                         |                          |
|---------------------------------------------------------|--------------------------|
| Cash Received from Foundations and Endowments           | \$ 576,250               |
| Cash Received from Land Bank Member Contributions       | 214,698                  |
| Cash Received from Steel Rivers Council of Government   | 84,932                   |
| Cash Received from Earnings on Investments              | 900                      |
| Cash Received from Miscellaneous Revenue                | 19,880                   |
| Cash Payments to Suppliers for Goods and Services       | (261,804)                |
| <b>Net Cash Provided (Used) by Operating Activities</b> | <b><u>\$ 634,856</u></b> |

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** **\$ 634,856**

CASH AND CASH EQUIVALENTS - JANUARY 1, 2018 432,536

**CASH AND CASH EQUIVALENTS - DECEMBER 31, 2018** **\$ 1,067,392**

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH  
PROVIDED (USED) BY OPERATING ACTIVITIES:**

Change in Net Assets \$ 988,837

**ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH  
PROVIDED (USED) BY OPERATING ACTIVITIES:**

Contributed Property Revenue (441,500)

**CHANGE IN CURRENT ASSETS AND LIABILITIES:**

|                                                                     |         |
|---------------------------------------------------------------------|---------|
| (Increase) Decrease in Due from Members                             | (7,588) |
| (Increase) Decrease in Due from Steel Rivers Council of Governments | 84,932  |
| (Increase) Decrease in Prepaid Expenses                             | (125)   |
| Increase (Decrease) in Accounts Payable                             | 10,300  |

**Total Adjustments** **\$ (353,981)**

**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** **\$ 634,856**

The accompanying notes are an integral part of these financial statements

**TRI-COG LAND BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Tri-COG Land Bank was authorized and organized as a Pennsylvania Land Bank in accordance with Commonwealth of Pennsylvania Act 153 of 2012, under Chapter 21 of Title 68 known as the Land Banks Act, and the Intergovernmental Cooperation Agreement (effective January 10, 2017) made by and between the following taxing jurisdictions located in Allegheny County:

| <u>MUNICIPALITIES</u> | <u>MUNICIPALITIES</u> | <u>SCHOOL DISTRICTS</u> | <u>COUNTY</u> |
|-----------------------|-----------------------|-------------------------|---------------|
| Braddock Hills        | Monroeville           | Clairton City           | Allegheny     |
| Chalfant              | North Braddock        | Fox Chapel Area         |               |
| Churchill             | Pitcairn              | Gateway                 |               |
| Clairton              | Rankin                | McKeesport Area         |               |
| Dravosburg            | Sharpsburg            | Shaler                  |               |
| East Pittsburgh       | South Versailles      | Woodland Hills          |               |
| Edgewood              | Swissvale             |                         |               |
| Etna                  | Turtle Creek          |                         |               |
| Forest Hills          | White Oak             |                         |               |
| McKeesport            | Wilkins               |                         |               |
| Millvale              |                       |                         |               |

The purpose of the Tri-COG Land Bank is to address blight and transition abandoned properties to beneficial reuse using a unified, predictable, and transparent process in order to revitalize communities and strengthen their respective tax bases. The main sources of funding for the Tri-COG Land Bank are from private Foundation grants and annual contributions from Land Bank members as specified in the Intergovernmental Cooperation Agreement. In accordance with this agreement, member contributions for calendar year 2018 are equal to five percent (5%) of the calendar year 2016 delinquent real estate tax principal collected by each member during calendar year 2017.

The Financial Accounting Standards Board (FASB) is responsible for establishing generally accepted accounting principles for the Tri-COG Land Bank through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the Tri-COG Land Bank are discussed below.

**TRI-COG LAND BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FINANCIAL STATEMENT PRESENTATION**

In accordance with generally accepted accounting standards, The Tri-COG Land Bank is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

- Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Land Bank and/or the passage of time.
- Permanently Restricted Net Assets – Net assets subject to permanent donor-imposed stipulations.

**BASIS OF ACCOUNTING**

The Tri-COG Land Bank utilizes the accrual basis of accounting. Under this method, revenue is recognized when earned rather than when received, and expenses are recognized when an obligation is incurred rather than when cash is paid.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in demand deposit accounts held with First Commonwealth Bank.

**RECEIVABLES**

Receivables are stated at net realizable value.

**PROPERTY HELD FOR SALE**

During calendar year 2018, the Tri-COG Land Bank acquired 11 properties for future sale for beneficial reuse to revitalize communities and strengthen their respective tax bases. Property held for sale is stated at assessed value as established by Allegheny County. This methodology will be reassessed in 2019, coupled with consideration for establishing an impairment allowance, if the Tri-COG Land Bank maintains ownership of these properties for an extended period of time.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**TRI-COG LAND BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE 2 - OFF BALANCE SHEET RISK**

The Federal Deposit Insurance Corporation (FDIC) and coverage thresholds for corporate accounts are \$250,000 per corporation. This coverage includes checking and savings accounts, money market deposits accounts, and certificates of deposit. At December 31, 2018, the Tri-COG Land Bank had cash balances on hand at First Commonwealth Bank totaling \$1,067,392. Custodial credit risk is the risk that in the event of a bank failure, the Tri-COG Land Bank's deposits may not be returned to it. As of December 31, 2018, the Tri-COG Land Bank's bank balance totals exceed the FDIC coverage threshold by \$817,392.

**NOTE 3 - TAX EXEMPT STATUS**

The Tri-COG Land Bank is a not for profit organization exempt from state and local taxes pursuant to Section 2109(b) of the Land Banks Act. During calendar year 2018, The Tri-COG Land Bank submitted an application to the Internal Revenue Service for recognition as a not for profit organization exempt from federal income taxes as determined under Section 501(c)3 of the Internal Revenue Code (IRC).

**NOTE 4 – RISK MANAGEMENT**

The Tri-COG Land Bank is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Tri-COG Land Bank has not incurred a claim nor experienced any losses with respect to its commercial insurance coverage.

**NOTE 5 – SUBSEQUENT EVENTS**

Management has determined that there are no events subsequent to December 31, 2018 through the April 27, 2019 date of the 'Independent Auditor's Report' date, which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.