

# **TRI-COG LAND BANK**

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

FINANCIAL STATEMENTS

WITH REPORT OF  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED  
DECEMBER 31, 2023**

**TRI-COG LAND BANK**

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# **Mark C. Turnley**

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

## **Independent Auditor's Report**

### **Opinion**

I have audited the accompanying financial statements of the Tri-COG Land Bank (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tri-COG Land Bank as of December 31, 2023 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Tri-COG Land Bank, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Tri-COG Land Bank's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my opinion. 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 will always detect a material misstatement when it exists.

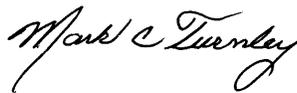
**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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, I:

- 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 Tri-COG Land Bank'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tri-COG Land Bank's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



Mark C. Turnley, CPA

April 10, 2024  
New Brighton, Pennsylvania

**TRI-COG LAND BANK**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2023**

**ASSETS**

**CURRENT ASSETS**

|                             |                            |
|-----------------------------|----------------------------|
| Cash and Cash Equivalents   | \$ 1,050,313               |
| Accounts Receivable         | 82,653                     |
| Prepaid Expenses            | 6,523                      |
| <b>TOTAL CURRENT ASSETS</b> | <b><u>\$ 1,139,489</u></b> |

**NONCURRENT ASSETS**

|                                |                            |
|--------------------------------|----------------------------|
| Property Held for Sale         | \$ 1,453,600               |
| <b>TOTAL NONCURRENT ASSETS</b> | <b><u>\$ 1,453,600</u></b> |
| <b>TOTAL ASSETS</b>            | <b><u>\$ 2,593,089</u></b> |

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

|                                  |                          |
|----------------------------------|--------------------------|
| Accounts Payable                 | \$ 39,482                |
| Mastercard Payable               | 461                      |
| Unearned Revenue - Grants        | 92,327                   |
| <b>TOTAL CURRENT LIABILITIES</b> | <b><u>\$ 132,270</u></b> |
| <b>TOTAL LIABILITIES</b>         | <b><u>\$ 132,270</u></b> |

**NET ASSETS**

|                                         |                            |
|-----------------------------------------|----------------------------|
| Without Donor Restrictions              | \$ 2,460,819               |
| <b>TOTAL NET ASSETS</b>                 | <b><u>\$ 2,460,819</u></b> |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b><u>\$ 2,593,089</u></b> |

**TRI-COG LAND BANK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

|                                                       | <b><u>WITHOUT<br/>DONOR<br/>RESTRICTIONS</u></b> |
|-------------------------------------------------------|--------------------------------------------------|
| <b><u>REVENUE AND OTHER SUPPORT</u></b>               |                                                  |
| Foundation and Endowment Grants                       | \$ 131,518                                       |
| Land Bank Member Annual Contributions                 | 305,997                                          |
| Properties Acquired (Assessed Values)                 | 676,800                                          |
| Sale of Properties                                    | 500,108                                          |
| Gain - Held for Sale Properties                       | 155,800                                          |
| Tax Recapture                                         | 42,627                                           |
| Closing Costs Reimbursements                          | 5,100                                            |
| Net Investment Income                                 | 21,658                                           |
| Miscellaneous Revenue                                 | 4,897                                            |
| <b>TOTAL REVENUE AND OTHER SUPPORT</b>                | <b><u>\$ 1,844,505</u></b>                       |
| <b><u>PROGRAM EXPENSES</u></b>                        |                                                  |
| Property Acquisition Costs                            | \$ 129,667                                       |
| Property Utilities, Insurance, and Maintenance        | 107,690                                          |
| Properties Sold (Assessed Values)                     | 653,200                                          |
| Demolitions                                           | 9,622                                            |
| Renovations                                           | 347,784                                          |
| Appraisals                                            | 13,475                                           |
| Data / Searches                                       | 2,400                                            |
| Application Fees                                      | 800                                              |
| Staffing Services                                     | 371,708                                          |
| Architectural/Engineering Fees                        | 12,667                                           |
| Professional Fees                                     | 45,502                                           |
| Asset Management Information System                   | 29,500                                           |
| Information Technology                                | 7,587                                            |
| Insurance                                             | 2,784                                            |
| Advertising                                           | 542                                              |
| Marketing                                             | 23,651                                           |
| Rent                                                  | 17,527                                           |
| Education and Training                                | 4,891                                            |
| Conference and Travel                                 | 9,958                                            |
| Meetings                                              | 6,064                                            |
| Grant Expenditures - DCED Blight Grant                | 78,018                                           |
| Grant Expenditures - GSPIA Student Philanthropy Proj. | 265                                              |
| Grant Expenditures - PNC Foundation                   | 25,000                                           |
| Grant Expenditures - RK Mellon                        | 17,500                                           |
| Office Expenses                                       | 7,386                                            |
| <b>TOTAL PROGRAM EXPENSES</b>                         | <b><u>\$ 1,925,188</u></b>                       |
| <b>CHANGE IN NET ASSETS</b>                           | <b>\$ (80,683)</b>                               |
| NET ASSETS - JANUARY 1, 2023                          | 2,541,502                                        |
| <b>NET ASSETS - DECEMBER 31, 2023</b>                 | <b><u>\$ 2,460,819</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, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|                                                         |                     |
|---------------------------------------------------------|---------------------|
| Cash Received from Foundations and Endowments           | \$ 131,518          |
| Cash Received from Land Bank Member Contributions       | 305,997             |
| Cash Received from Sale of Property                     | 500,108             |
| Cash Received from Earnings on Investments              | 21,658              |
| Cash Received from Miscellaneous Revenue                | 4,897               |
| Cash Payments to Suppliers for Goods and Services       | (1,321,587)         |
| <b>Net Cash Provided (Used) by Operating Activities</b> | <b>\$ (357,409)</b> |

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** **\$ (357,409)**

CASH AND CASH EQUIVALENTS - JANUARY 1, 2023 1,407,722

**CASH AND CASH EQUIVALENTS - DECEMBER 31, 2023** **\$ 1,050,313**

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

Change in Net Assets \$ (80,683)

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

|                                       |           |
|---------------------------------------|-----------|
| Properties Acquired (Assessed Values) | (676,800) |
| Properties Sold (Assessed Values)     | 653,200   |
| Gain - Held for Sale Property         | (155,800) |

**CHANGE IN CURRENT ASSETS AND LIABILITIES:**

|                                            |          |
|--------------------------------------------|----------|
| (Increase) Decrease in Accounts Receivable | (68,421) |
| (Increase) Decrease in Prepaid Expenses    | (495)    |
| Increase (Decrease) in Mastercard Payable  | 460      |
| Increase (Decrease) in Accounts Payable    | (41,370) |
| Increase (Decrease) in Unearned Revenue    | 12,500   |

**Total Adjustments** **\$ (276,726)**

**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** **\$ (357,409)**

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, 2023**

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

**REPORTING ENTITY**

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> |
|-----------------------|-----------------------|-------------------------|---------------|
| Blawnox               | Millvale              | Clairton City           | Allegheny     |
| Braddock Hills        | Monroeville           | East Allegheny          |               |
| Chalfant              | North Braddock        | Fox Chapel Area         |               |
| Churchill             | North Versailles      | Gateway                 |               |
| Clairton              | Pitcairn              | McKeesport Area         |               |
| Dravosburg            | Rankin                | Shaler                  |               |
| East McKeesport       | Sharpsburg            | South Allegheny         |               |
| East Pittsburgh       | South Versailles      | Steel Valley            |               |
| Edgewood              | Swissvale             | Woodland Hills          |               |
| Etna                  | Turtle Creek          |                         |               |
| Forest Hills          | West Homestead        |                         |               |
| Glassport             | White Oak             |                         |               |
| Homestead             | Wilkins               |                         |               |
| McKeesport            |                       |                         |               |

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 2023 are equal to five percent (5%) of the calendar year 2021 delinquent real estate tax principal collected by each member during calendar year 2022.

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

**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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions as follows:

**TRI-COG LAND BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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

**FINANCIAL STATEMENT PRESENTATION (Continued)**

- **Net Assets without Donor Restrictions** – Net assets available for use in general operations and not subject to donor-imposed restrictions.
- **Net Assets with Donor Restrictions** – Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions as follows:

**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**

As of December 31, 2023, the Tri-COG Land Bank owned 55 properties. During calendar year 2023, the Tri-COG Land Bank acquired 26 properties for future sale for beneficial reuse to revitalize communities and strengthen their respective tax bases. Property held for sale is stated at the appraisal value or the assessed value as established by Allegheny County, if the appraisal value has not been established. This methodology is continually reassessed each year, 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.

**TRI-COG LAND BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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

**CONTRIBUTIONS**

Contributions are recognized when the donor makes a promise to give to the Tri-COG Land Bank that is, in substance, unconditional. Contributions received are recorded as net assets without donor restrictions, or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction fully expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**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.

**ADOPTED ACCOUNTING PRONOUNCEMENTS**

The requirements of the following FASB Statement was adopted for the Land Bank's 2023 financial statements. Except where noted, the adoption of this pronouncement did not have a significant impact on the Land Bank's financial statements.

- Accounting Standards Update (ASU) No. 2020-07, Leases (Topic 958), "Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets".
- Accounting Standards Update (ASU) No. 2021-05, Leases (Topic 842), "Lessors – Certain Leases with Variable Lease Payments".
- Accounting Standards Update (ASU) No. 2021-09, Leases (Topic 842), "Discount Rate for Lessees that are not Public Business Entities (PBE)".
- Accounting Standards Update (ASU) No. 2023-01, Leases (Topic 842), "Common Control Arrangements".

The Tri-COG Land Bank has not yet determined the impact of the adoption of the above pending FASB pronouncements on its financial statements.

**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, 2023, the Tri-COG Land Bank had cash balances on hand at First Commonwealth Bank totaling \$1,068,687. 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, 2023, the Tri-COG Land Bank's bank balance totals exceed the FDIC coverage threshold by \$818,687.

**TRI-COG LAND BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 3 – AVAILABILITY AND LIQUIDITY**

Financial assets available for general Tri-COG Land Bank operating expenditures, that is, without donor or other restrictions limiting their use within one year of the balance sheet date are as follows:

|                           |                     |
|---------------------------|---------------------|
| Cash and Cash Equivalents | <u>\$ 1,050,313</u> |
|---------------------------|---------------------|

The Tri-COG Land Bank's main support comes from member contributions and foundation/endowment grant funding.

**NOTE 4 – STAFFING SERVICES AGREEMENT**

The Tri-COG Land Bank is a party to an 'inter-entity cooperation agreement' with the Steel Rivers Council of Governments (the COG). The COG has agreed to permit its personnel to perform services on behalf of the Tri-COG Land Bank in order to facilitate the continued operation of the Land Bank until such time as the Land Bank is adequately staffed. Monies received by the Land Bank will in part be used to reimburse the COG for the use of COG personnel to perform staffing services for the Land Bank. As part of this agreement, the Tri-COG Land Bank reimbursed the COG \$17,500 for use of its operating facilities in the form of rent.

**NOTE 5 - 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. On May 6, 2019, the Tri-COG Land Bank was determined to be a not-for-profit organization exempt from federal income taxes as determined under Section 501(c)3 of the Internal Revenue Code (IRC), with an effective date of exemption being March 16, 2017. The Tri-COG Land Bank has been classified as an Organization that is not a private foundation under (IRC) Section 509(a). The Tri-COG Land Bank is exempt from filing Internal Revenue Service Form 990 on an annual basis

**NOTE 6 – RISK AND UNCERTAINTIES**

**GENERAL INSURANCE**

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. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**LEGAL MATTERS**

The Tri-COG Land Bank is a party to various legal actions normally associated with similar entities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to the financial position of the Tri-COG Land Bank. As of December 31, 2023, the Landbank is unaware of any pending litigation that would be material to the financial position of Tri-COG Land Bank.

**TRI-COG LAND BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 7 – SUBSEQUENT EVENTS**

Management has determined that there are no events subsequent to December 31, 2023 through the April 10, 2024 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.