City of Lancaster Revitalization and Improvement Zone Authority (A Component Unit of the City of Lancaster, Pennsylvania)

Financial Statements

December 31, 2025 and 2024

City of Lancaster Revitalization and Improvement Zone Authority
(A Component Unit of the City of Lancaster, Pennsylvania)

Table of Contents
December 31, 2025 and 2024

	Page
Independent Auditors' Report	1
Financial Statements	
Statements of Net Position	4
Statements of Revenues, Expenses and Change in Net Position	5
Statements of Cash Flows	6
Notes to Financial Statements	7
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*	13

Independent Auditors' Report

To the Board of Directors of
City of Lancaster Revitalization and Improvement Zone Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the City of Lancaster Revitalization and Improvement Zone Authority (Authority), a component unit of the City of Lancaster, Pennsylvania, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority'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 for the Authority as of December 31, 2025 and 2024, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards).* Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 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 Authority'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 Authority'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.

Required Supplementary Information

Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2026 on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Lancaster, Pennsylvania
March 25, 2026

City of Lancaster Revitalization and Improvement Zone Authority
(A Component Unit of the City of Lancaster, Pennsylvania)

Statements of Net Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	$ 8,333,152	$ 13,211,008
Investments	3,143,929	3,649,853
Current portion of notes receivable	200,949	195,052
Total current assets	11,678,030	17,055,913
Noncurrent Assets		
Notes receivable, net	1,799,770	1,795,395
Total assets	$ 13,477,800	$ 18,851,308
Liabilities and Net Position		
Current Liabilities		
Accounts payable	$ 105,436	$ 34,483
Net Position		
Restricted	12,328,110	17,907,672
Unrestricted	1,044,254	909,153
Total net position	13,372,364	18,816,825
Total liabilities and net position	$ 13,477,800	$ 18,851,308

See notes to financial statements

City of Lancaster Revitalization and Improvement Zone Authority
(A Component Unit of the City of Lancaster, Pennsylvania)

Statements of Revenues, Expenses and Change in Net Position
Years Ended December 31, 2025 and 2024

	2025	2024
Revenues		
Taxes	$ 12,489,668	$ 12,108,380
Application fees	9,250	11,386
Total revenues	12,498,918	12,119,766
Expenses		
Project costs	17,271,859	13,797,273
Professional fees	895,846	603,577
Administrative	37,492	32,274
Total expenses	18,205,197	14,433,124
Operating loss	(5,706,279)	(2,313,358)
Nonoperating Revenue		
Interest income	261,818	349,075
Changes in net position	(5,444,461)	(1,964,283)
Net Position, Beginning	18,816,825	20,781,108
Net Position, Ending	$ 13,372,364	$ 18,816,825

See notes to financial statements

City of Lancaster Revitalization and Improvement Zone Authority
(A Component Unit of the City of Lancaster, Pennsylvania)

Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Cash received from taxes, application fees and other revenues	$ 12,498,918	$ 12,119,766
Cash received for interest	261,818	349,075
Cash paid to vendors and grant recipients	(18,018,092)	(14,430,020)
Net cash used in operating activities	(5,257,356)	(1,961,179)
Cash Flows From Investing Activities		
Advances of notes receivable	(349,422)	(521,870)
Payments received on notes receivable	222,998	99,729
Proceeds from sale of investments	505,924	526,946
Net cash provided by investing activities	379,500	104,805
Change in cash	(4,877,856)	(1,856,374)
Cash, Beginning	13,211,008	15,067,382
Cash, Ending	$ 8,333,152	$ 13,211,008
Reconciliation of Change in Net Position to Net Cash Used in Operating Activities		
Change in net position	$ (5,444,461)	$ (1,964,283)
Adjustments to reconcile change in net position to net cash used in operating activities:		
Forgiveness of notes receivable	116,152	-
Changes in assets and liabilities:		
Accounts payable	70,953	3,104
Net cash used in operating activities	$ (5,257,356)	$ (1,961,179)
Supplemental Disclosure of Noncash Investing Activities		
Forgiveness of notes receivable	$ 116,152	$ -

See notes to financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The City of Lancaster Revitalization and Improvement Zone Authority (the Authority) is a component unit of the City of Lancaster, Pennsylvania. The Authority was organized in 2013 by the City of Lancaster, Pennsylvania (the City) under the Pennsylvania Municipality Authorities Act of 1945, as amended and supplemented, by Article XVIII-C of House Bill No. 465, Session of 2013. The Authority's purpose is to acquire, hold, construct, improve, maintain, own, finance and lease, industrial, specialized or commercial development projects for purposes of administering, providing financing for and undertaking all other activities related to the City Revitalization and Improvement Zone (the CRIZ) of the City. The CRIZ consists of approximately 130 acres in downtown Lancaster and in selected areas in the remaining parts of the City. Certain qualified state and local tax revenues are provided to the Authority for the repayment of debt service on bonds and loans issued for the acquisition, improvement and development of qualified capital improvements within the CRIZ.

Reporting Entity

The reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended. The Authority's financial statements include the operations of all organizations for which the Board of Directors exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Based on the oversight criteria above, the Authority has been included as a component unit of the City.

Basis of Accounting, Measurement Focus

The accounting and reporting policies of the Authority relating to its proprietary fund type included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. GAAP for local governments include those principles prescribed by the GASB.

The proprietary fund-type is accounted for on an economic resources measurement focus, using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Restricted Net Position

Restricted net position includes amounts constrained for specific purposes which are externally imposed by providers. The Authority has a restricted net position of $11,884,491 and $17,907,672 at December 31, 2025 and 2024, respectively, for the following purposes:

	2025	2024
Future project costs and small business loans	$ 11,466,462	$ 16,540,748
Administrative services	624,483	1,144,132
Accounting and legal	237,165	222,792
Total	$ 12,328,110	$ 17,907,672

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Subsequent Events

The Authority has evaluated subsequent events through March 25, 2026, which is the date the financial statements were available to be issued.

2. Cash

The Authority Code, Section 902.1, authorizes investments in U.S. Treasury bills, savings accounts, obligations of the United States or its agencies, and shares of investment companies registered under the Investment Company Act of 1940. Act 72 requires all governmental (public fund) deposits not insured by the Federal Deposit Insurance Corporation (FDIC) to be collateralized by the financial institution.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to them. The Authority does not have a formal deposit policy for custodial credit risk. At December 31, 2025 and 2024, the Authority's total bank deposits were $8,333,152 and $13,211,008, respectively. Of this amount, $250,000 was insured by the FDIC. The remaining bank deposits of $8,083,152 and $12,961,008 were exposed to custodial credit risk, as these deposits were not covered by depository insurance. Rather, these deposits were collateralized with securities held by the pledging institution, but not in the Authority's name.

3. Investments and Fair Value Measurements

The Authority measures its investments at fair value on a recurring basis in accordance with GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance established for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Authority for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the same term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets and other observable inputs.

Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

The valuation methods for recurring fair value measurements are as follows at December 31, 2025 and 2024:

	2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents held for investment purposes	$ 3,143,929	$ -	$ -	$ 3,143,929
Total	$ 3,143,929	$ -	$ -	$ 3,143,929

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents held for investment purposes	$ 1,976,358	$ -	$ -	$ 1,976,358
U.S. Treasuries	1,673,495	-	-	1,673,495
Total	$ 3,649,853	$ -	$ -	$ 3,649,853

Valuation Methodologies

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies at December 31, 2025 and 2024.

Investments: The cash and cash equivalents held for investment purposes carrying amounts approximate fair value because of the short maturity of those financial instruments (Level 1). The U.S. Treasuries are valued using pricing information for identical securities (Level 1).

The Authority is required to disclose deposit and investment risks: custodial credit risk, credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The following is a description of the Authority's deposit and investments risks.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a formal policy for custodial credit risk. The Authority investments are held with Fulton Financial Advisors in accounts separate and apart from the assets of the financial institution. Under the U.S. Securities and Exchange Commission's customer protection rule, customers' securities must be segregated from a financial institution's proprietary securities. The securities are held in central depositories with the record of ownership reflected on a book entry basis. The account is held in the name of the Authority.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority places no limit on the amount the Authority may invest in any one issuer. As of December 31, 2025 and 2024, no investment in one issuer exceeds 5% of the Authority's total investments.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a change in interest rates. All investments mature within less than one year at December 31, 2025 and 2024.

Foreign Currency Risk

Foreign currency risk is the risk that changes in the foreign exchange rate will adversely affect the fair value of an investment. There are currently no investments in securities exchanged in foreign denominations. The Authority does not have a formal policy for foreign currency risk.

4. Notes Receivable

On February 28, 2019, the Authority entered into a participation agreement with Community First Fund (CFF), by purchasing $1,500,000 of a $4,800,000 loan made by CFF to Square Development, L.P. (Square). Under the terms of this participation agreement, interest is paid monthly from CFF beginning March 15, 2019, at 7.0% per annum on the Authority's portion of the outstanding principal using a 360-day year. Monthly principal payments are scheduled to begin in 2020 with a final maturity and balloon payment of remaining outstanding principal due June 15, 2028. CFF is only required to remit payment of interest and principal to the Authority as collected from Square. No collateral is held by the Authority from CFF or Square in regards to this participation agreement. During 2020, the Authority's participation in the loan was reduced to $1,220,289 with principal payments scheduled to begin in 2022. On January 22, 2021, the parties to this note modified the loan to have a reduced payment period from January 15, 2021, until December 15, 2021, where the interest paid by CFF would be calculated at the reduced rate of 3.88%. All principal and interest in excess of the reduced rate were accrued but were deferred until the conclusion of the reduced payment period, where the deferred principal and interest will be amortized over the remaining term of the note. On June 24, 2022, the parties to this note modified the loan to have an increased principal drawdown and interest payments resumed to the initial rate of 7.25%.

The Authority created the Small Business Financial Assistance Program (SBFA) to provide business loans for new and existing small businesses within the City of Lancaster's City Revitalization and Improvement Zone.

The Authority entered into the following participant and small business loan agreements at December 31, 2025 and 2024:

	2025							
Name	Date Entered	Issued Amount	Interest Rate	Balance December 31, 2024	Drawdowns	Payments/Other	Balance December 31, 2025	Current Portion
Participant agreement:								
Square developments	February 28, 2019		7.25 %	$ 1,182,399	$ -	$ (42,895)	$ 1,139,504	$ 45,628
Small business loans:								
Babylon Kebab Gril, LLC	December 30, 2022	$ 58,700.00	4.00	40,089	-	(40,089)	-	-
Sun & Moon Pham Enterprise, LLC	December 15, 2022	100,000.00	4.00	91,610	-	(4,409)	87,201	6,424
Drift Spa LLC	January 10, 2023	57,509.00	4.00	39,601	-	(11,332)	28,269	11,793
Lancaster Cigar LLC	May 31, 2023	100,000.00	4.75	36,540	-	(7,179)	29,361	7,528
Rendezvous Bistro LLC	August 8, 2023	97,150.00	4.75	78,496	-	(41,698)*	36,798	21,604
Shree Vibuti Inc.	December 7, 2023	78,192.00	4.75	31,405	-	(7,138)	24,267	7,485
The Shot and Bottle Shop, LLC	November 8, 2023	100,000.00	4.75	95,087	-	(95,087)**	-	-
Maintained Properties, LLC	March 27, 2024	100,000.00	4.50	81,524	15,670	(13,893)	83,301	16,092
Denim Coffee, LLC	February 15, 2024	100,000.00	4.50	94,607	-	(18,638)	75,969	19,494
Courant Group, LLC	May 29, 2024	90,750.00	4.00	56,469	-	(10,410)	46,059	10,834
Kim's Custom Cleaners, Inc.	June 13, 2024	25,000.00	4.00	11,479	935	(12,414)	-	-
Vaah Enterprise, LLC	July 30, 2024	100,000.00	4.25	100,000	-	(18,852)	81,148	21,419
Sahara Bistro Shawarma, LLC	August 28, 2024	100,000	4.25	51,141	48,624	(13,424)	86,341	18,938
Lavon Studio, LLC	December 5, 2025	100,000	4.25	-	57,786	-	57,786	2,958
Swan Property Holdings, LLC	December 9, 2025	100,000	4.25	-	40,646	-	40,646	1,649
Place Marie Offices, LLC	March 21, 2025	100,000	4.25	-	85,761	(958)	84,803	4,194
Place Marie Rentals, LLC	March 21, 2025	100,000	4.25	-	100,000	(734)	99,266	4,909
Total small business loans				808,048	349,422	(296,255)	861,215	155,321
Totals				$ 1,990,447	$ 349,422	$ (339,150)	$ 2,000,719	$ 200,949

	2024							
Name	Date Entered	Issued Amount	Interest Rate	Balance December 31, 2023	Drawdowns	Payments	Balance December 31, 2024	Current Portion
Participant agreement:								
Square developments	February 28, 2019		7.25 %	$ 1,222,329	$ -	$ (39,930)	$ 1,182,399	$ 42,403
Small business loans:								
Babylon Kebab Gril, LLC	December 30, 2022	$ 58,700.00	4.00	46,372	-	(6,283)	40,089	6,539
Sun & Moon Pham Enterprise, LLC	December 15, 2022	100,000.00	4.00	96,711	-	(5,101)	91,610	5,308
Drift Spa LLC	January 10, 2023	57,509.00	4.00	50,488	-	(10,887)	39,601	11,332
Lancaster Cigar LLC	May 31, 2023	100,000.00	4.75	38,919	-	(2,379)	36,540	1,912
Rendezvous Bistro LLC	August 8, 2023	97,150.00	4.75	97,176	-	(18,680)	78,496	19,587
Shree Vibuti Inc.	December 7, 2023	78,192.00	4.75	16,310	17,914	(2,819)	31,405	6,077
The Shot and Bottle Shop, LLC	November 8, 2023	100,000.00	4.75	-	100,000	(4,913)	95,087	23,034
Maintained Properties, LLC	March 27, 2024	100,000.00	4.50	-	84,330	(2,806)	81,524	12,709
Denim Coffee, LLC	February 15, 2024	100,000.00	4.50	-	100,000	(5,393)	94,607	18,638
Courant Group, LLC	May 29, 2024	90,750.00	4.00	-	56,469	-	56,469	10,411
Kim's Custom Cleaners, Inc.	June 13, 2024	25,000.00	4.00	-	12,016	(537)	11,479	4,635
Vaah Enterprise, LLC	July 30, 2024	100,000.00	4.25	-	100,000	-	100,000	18,852
Sahara Bistro Shawarma, LLC	August 28, 2024	100,000	4.25	-	51,141	-	51,141	13,615
Total small business loans				345,976	521,870	(59,798)	808,048	152,649
Totals				$ 1,568,305	$ 521,870	$ (99,728)	$ 1,990,447	$ 195,052

Interest earned on the notes receivable was $115,055 during 2025 and $111,402 during 2024.

* - Of the reported $41,698 in payments received from SBFA loans in 2025, $21,065 was from loan forgiveness.

** - Of the reported $95,087 in payments received from SBFA loans in 2025, the full amount was from loan forgiveness.

5. Tax Revenue

The Authority receives revenue through state and local taxes. Currently, there are seven eligible state taxes, and two out of four eligible local taxes are used to calculate revenue which is received from the Commonwealth of Pennsylvania.

6. New Accounting Pronouncements

The GASB has approved the following:

Statement No. 103, *Financial Reporting Model Improvements*

Statement No. 104, *Disclosure of Certain Capital Assets*

Statement No. 105, *Subsequent Events*

Authority management is in the process of evaluating these standards. When they become effective, application of these standards may restate portions of these financial statements.

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 Auditors' Report

To the Board of Directors of
City of Lancaster Revitalization and Improvement Zone Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the City of Lancaster Revitalization and Improvement Zone Authority (the Authority), which comprise the Authority's statement of net position as of December 31, 2025, and the related statements of revenues, expenses and change in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 25, 2026. Our report disclosed that the Authority elected to omit a Management's Discussion and Analysis, that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be a part of, the basic financial statements. Our opinion was not modified with respect to this matter.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinion 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 a 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 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.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Allentown, Pennsylvania
March 25, 2026