

## REQUIRED COMMUNICATIONS

November 26, 2024

To the Board of Directors of  
The Troy Community Land Bank

We have audited the financial statements of the Troy Community Land Bank Corporation (Land Bank) for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies adopted by the Land Bank during the period are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the Land Bank during the period for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Land Bank's financial statements was:

Management's estimate of the value of donated property and property held for resale is based on assessed values at the time of donation to the Land Bank as well as estimates of market value.

We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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### Significant Audit Findings (Continued)

#### *Qualitative Aspects of Accounting Practices (Continued)*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of concentrations describes the limited sources of revenue of the Land Bank.

The disclosure of property held for resale describes the activity in property acquisitions and sales during the year.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

The timing of the audit was delayed because the Land Bank's records were not ready for audit until summer 2024.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. See Attachment A for a schedule of adjustments made during the audit.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated the date of this letter.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Land Bank's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Land Bank's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Troy Community Land Bank Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bonadio & CO. LLP

**Troy Community Land Bank Corporation**  
**Attachment A - Material Audit Adjustments**  
**December 31, 2023**

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**Material Audit Adjustments**

		<u>DR</u>	<u>CR</u>
<i>To remove LBI revenue and AR that was recorded in FY22</i>			
40213	LBI Grant	40,114	
12100	Contract Receivable		40,114
		<u>\$ 40,114</u>	<u>\$ 40,114</u>
 <i>To reverse the credit balance on Prepaid Insurance</i>			
13000	Prepaid Insurance	21,135	
69000	Insurance Expense		21,135
		<u>\$ 21,135</u>	<u>\$ 21,135</u>
 <i>To record ARPA money spent in FY23</i>			
23000	Deferred Revenue	238,282	
40212	Municipal Grants:ARPA		238,282
		<u>\$ 238,282</u>	<u>\$ 238,282</u>
 <i>To record accrued liability for legal settlement of \$100,000 paid after year-end</i>			
TBG3	Settlement Expense	100,000	
22000	Accrued Expenses		100,000
		<u>\$ 100,000</u>	<u>\$ 100,000</u>