

**LIVINGSTON COUNTY LAND BANK CORPORATION**  
**(A Blended Component Unit of the County of**  
**Livingston, New York)**

**Financial Statements as of**  
**December 31, 2025 and 2024**  
**Together with**  
**Independent Auditor's Report and Report on**  
***Government Auditing Standards***

**LIVINGSTON COUNTY LAND BANK CORPORATION  
(A BLENDED COMPONENT UNIT OF THE COUNTY OF LIVINGSTON, NEW YORK)**

**TABLE OF CONTENTS  
December 31, 2025 and 2024**

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	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4
FINANCIAL STATEMENTS:	
Statements of Net Position	7
Statements of Revenues, Expenses and Change in Net Position	8
Statements of Cash Flows	9
NOTES TO BASIC FINANCIAL STATEMENTS	10
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	13

## INDEPENDENT AUDITOR'S REPORT

February 26, 2026

To the Board of Directors of the  
Livingston County Land Bank Corporation:

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of the Livingston County Land Bank Corporation (the Land Bank), a blended component unit of the County of Livingston, New York, as of and for the years ended December 31, 2025, and 2024, and the related notes to the financial statements, which collectively comprise the Land Bank'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 respective financial position of the Land Bank, as of December 31, 2025 and 2024, and the respective changes in financial position and cash flows thereof 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 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 Land Bank 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 Land Bank'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.

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## INDEPENDENT AUDITOR'S REPORT

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### ***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 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 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 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Land Bank'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***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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## INDEPENDENT AUDITOR'S REPORT

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2026 on our consideration of the Land Bank'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 Land Bank'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 Land Bank's internal control over financial reporting and compliance.

**LIVINGSTON COUNTY LAND BANK CORPORATION**  
**(A BLENDED COMPONENT UNIT OF THE COUNTY OF LIVINGSTON, NEW YORK)**

**Management's Discussion and Analysis (Unaudited)**  
**For the Years Ended December 31, 2025 and 2024**

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This section of the Livingston County Land Bank Corporation (the Land Bank) annual financial report presents a discussion and analysis of the Land Bank's financial performance during the fiscal years ending December 31, 2025, 2024, and 2023. Please read it in conjunction with the Land Bank's financial statements and accompanying notes.

**General Information**

This Corporation was incorporated in 2017 to combat community deterioration by facilitating the return of vacant, abandoned, and tax-delinquent properties in the County of Livingston, New York (the County) to productive use. Operations commenced in 2018.

**Overview of Financial Statements**

This annual financial report consists of two parts: the Management's Discussion and Analysis (MD&A) and the basic financial statements. The Land Bank is a self-supporting entity and follows business-type activity reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Business-type activity statements offer short-term and long-term financial information about the activities and operations of the Land Bank. This annual report consists of the financial statements and notes to those statements. The Statements of Net Position, Statements of Revenues, Expenses and Change in Net Position, the Statements of Cash Flows and related notes provide a detailed look at the specific financial activities of the Land Bank and generally provide an indication of the Land Bank's financial health. The Statements of Net Position include all of the Land Bank's assets and liabilities, using the accrual basis of accounting. The Statements of Revenues, Expenses and Change in Net Position report all of the revenues and expenses during the time period indicated. The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for debt.

**Financial Analysis**

Below is an analysis of the assets, liabilities, revenues, and expenses of the Land Bank.

**Summary of Assets, Liabilities, and Net Position**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total assets	\$ 972,359	\$ 405,388	\$ 726,069
Total liabilities	96,440	72,493	485,117
Total net position - unrestricted	\$ 875,919	\$ 332,895	\$ 240,952

Total assets at December 31, 2025 were all current, and comprised of cash from grant revenue, grant and contract income receivables, and property held for sale. Current assets at December 31, 2024 were comprised of cash from grant revenue, prepaid insurance, grant and contract income receivables, and property held for sale, and at 2023 cash from grant revenue, property deposits, and property held for sale.

In 2025, the Land Bank purchased three properties and sold two properties, resulting in four properties in property held for sale as of December 31, 2025. In 2024, the Land Bank sold one property resulting in three properties in property held for sale as of December 31, 2024. and four properties in property held for sale as of December 31, 2023.

## Summary of Revenues, Expenses, and Change in Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 742,040	\$ 666,240	\$ 229,678
Operating expenses	<u>(199,016)</u>	<u>(574,297)</u>	<u>(132,103)</u>
Operating income (loss)	<u>543,024</u>	<u>91,943</u>	<u>97,575</u>
Change in net position	\$ <u>543,024</u>	\$ <u>91,943</u>	\$ <u>97,575</u>

Operating revenue in 2025 and 2024 consisted primarily of grant revenue. In 2024 and 2025, the Land Bank had grant revenue from the Land Bank Initiative Grant. Operating revenue increased in 2025 as the Land Bank recognized \$73,692 more in grant revenue. Operating revenue increased in 2024 as the Land Bank recognized revenue from the expenditure of the majority of its ARPA funds.

Operating expenses in 2025 and 2024 were comprised of property rehabilitation and maintenance costs, administrative services fee, other professional and general and administrative expenses. In 2023, similar operating expenses were incurred. Operating expenses decreased approximately \$375,000 in 2025 compared to 2024, Operating expenses increased in 2024, mainly related to costs incurred from the expenditure of ARPA funds.

The following are highlighted activities for 2025:

- Closed out Year 3 of NYS HCR Land Bank Initiative phase 1 funding and applied successfully for a new Land Bank Initiative Phase 1 grant of \$100,000.
- Awarded an additional \$2,000,000 in Land Bank Initiative funds for construction and rehabilitation projects.
- Continued membership and active participation in the County's Homelessness and Housing Task Force and the NYS Land Bank Association Board of Directors.
- Participated in a housing study with Community Intelligent Planning to assess community and partner readiness for housing projects in Livingston County.
  - Met with 23 Municipalities.
  - Met with developers, not for profit housing organizations, and professional organizations.
- Completed the Land Bank's first new build project at 32 Jefferson Street.
- Completed a bid and entered into a contract for legal services with Hurwitz Fine P.C.
- Staff attended the 2025 NYLBA conference providing connections with other Land Banks and highlights on their unique programs as well as updates on tax foreclosure laws.
- The NYLBA Report Emergency Housing in Rural Upstate New York was released in which Livingston County was highlighted as a case study.
- Applied to the Mobile and Manufactured Home Replacement grant as a subgrantee to Livingston County.
- Awarded \$2,500,000 of Vacant Rental Program funding for the rehabilitation of vacant rental units across the County

### Future Factors

Plans for 2026:

- Acquire 1-2 more properties with Land Bank Initiative funding for housing projects.
- Complete projects at 1 Price Street, 36 South Street, 7313 Groveland Station Road, and 18 Mill Street.

- Finish the housing study w/ community intelligent planning and work on implementing the suggested actions.
- Apply to new grant funding after the completion of the Land Bank Initiative grant.
- If funded, begin work on the Mobile and Manufactured Home Replacement grant
- If funded, begin work on the Vacant Rental Program grant
- Strategize future Land Bank projects and funding sources

**Request for Information**

This financial report is designed to provide the reader with a general overview of the Land Bank's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Livingston County Land Bank Corporation - Livingston County Office Building, 6 Court Street, Room 305, Geneseo, New York 14454.

**LIVINGSTON COUNTY LAND BANK CORPORATION**  
**(A Blended Component Unit of the County of Livingston, New York)**

**Statements of Net Position**  
**December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 193,160	\$ 233,404
Cash - restricted	34,687	39,842
Property held for sale	537,310	86,953
Grant receivable	258,044	32,457
Prepaid insurance	<u>-</u>	<u>12,732</u>
Total current assets	<u>1,023,201</u>	<u>405,388</u>
Total assets	<u>1,023,201</u>	<u>405,388</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable	61,753	32,651
Unearned grant revenue	<u>34,687</u>	<u>39,842</u>
Total current liabilities	<u>96,440</u>	<u>72,493</u>
Total liabilities	<u>96,440</u>	<u>72,493</u>
<b>NET POSITION</b>		
Unrestricted	<u>926,761</u>	<u>332,895</u>
Total net position	<u>\$ 926,761</u>	<u>\$ 332,895</u>

The accompanying notes are an integral part of these financial statements.

**LIVINGSTON COUNTY LAND BANK CORPORATION**  
**(A Blended Component Unit of the County of Livingston, New York)**

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

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES:		
Grant revenue	\$ 570,932	\$ 497,240
Sales revenue	<u>171,108</u>	<u>169,000</u>
Total operating revenues	<u>742,040</u>	<u>666,240</u>
OPERATING EXPENSES:		
Property maintenance	71,672	13,860
Cost of sales	32,505	204,923
Unrealized loss on property held for sale	-	307,054
Administrative services fee	18,126	25,313
Insurance	12,732	15,067
Accounting/auditing fees	6,200	6,100
Consulting fees	3,553	480
Dues	2,000	1,500
Travel, training, and conferences	977	-
General and administrative expenses	<u>409</u>	<u>-</u>
Total operating expenses	<u>148,174</u>	<u>574,297</u>
CHANGE IN NET POSITION	593,866	91,943
NET POSITION - beginning of year	<u>332,895</u>	<u>240,952</u>
NET POSITION - end of year	<u>\$ 926,761</u>	<u>\$ 332,895</u>

The accompanying notes are an integral part of these financial statements.

**LIVINGSTON COUNTY LAND BANK CORPORATION**  
**(A Blended Component Unit of the County of Livingston, New York)**

**Statements of Cash Flows**

**For the Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from grants	\$ 340,190	\$ 100,000
Cash received from property sales	171,108	169,000
Cash received from contract income	-	10,000
Payments to suppliers for goods and services	(73,835)	(65,090)
Cash paid for inventory	<u>(482,862)</u>	<u>(472,137)</u>
Net cash from operating activities	<u>(45,399)</u>	<u>(258,227)</u>
<b>CHANGE IN CASH</b>	<b>(45,399)</b>	<b>(258,227)</b>
CASH - beginning of year	<u>273,246</u>	<u>531,473</u>
CASH - end of year	<u>\$ 227,847</u>	<u>\$ 273,246</u>
Cash	\$ 193,160	\$ 233,404
Cash - restricted	<u>34,687</u>	<u>39,842</u>
Total cash	<u>\$ 227,847</u>	<u>\$ 273,246</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	<u>\$ 593,866</u>	<u>\$ 91,943</u>
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:		
Unrealized loss on property held for sale	-	307,054
Change in:		
Unearned grant revenue	(5,155)	(411,763)
Accounts payable	29,102	(861)
Inventory	(450,357)	(267,214)
Prepaid insurance	12,732	(1,909)
Contract income receivable	-	10,000
Grants receivable	<u>(225,587)</u>	<u>14,523</u>
Net cash from operating activities	<u>\$ (45,399)</u>	<u>\$ (258,227)</u>

The accompanying notes are an integral part of these financial statements.

**LIVINGSTON COUNTY LAND BANK CORPORATION**  
**(A BLENDED COMPONENT UNIT OF THE COUNTY OF LIVINGSTON, NEW YORK)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

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**1. ORGANIZATION**

The Livingston County Land Bank Corporation (the Land Bank) was formed in 2017 to assist communities within the County of Livingston, New York (the County) in combating community deterioration by facilitating the return of vacant, abandoned, and tax-delinquent properties to productive use in order to eliminate the harms and liabilities caused by such properties, lessen the burden of government, and act in the public interest. The Land Bank engages in real estate development and management, real estate project finance, and other community-based economic and human services development activities permissible under the Not-for-Profit Corporation Law. Operations commenced in 2018.

The Land Bank was formed with the County as its sole member. Accordingly, it is presented as a blended component unit within the County's financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The basic financial statements of the Land Bank have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial principles.

**Measurement Focus and Basis of Accounting**

The Land Bank operates as a proprietary fund. Proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

The Land Bank utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

**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 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 these estimates.

**Income Tax Status**

The Land Bank was organized as a not-for-profit corporation under the laws of the State of New York and has been granted Exempt Status by the Internal Revenue Service with respect to Section 501(c)(3) of the Internal Revenue Code.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Cash**

The Land Bank's cash as of December 31, 2025 and 2024 consists of demand deposits. Restricted cash represents money received which is to be used in accordance with grant parameters. Restricted cash amounted to \$34,687 and \$29,842 as of December 31, 2025 and 2024, respectively. The Land Bank has adopted an investment policy that follows State statutes. Monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within and authorized to do business in New York State (NYS).

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. At December 31, 2025 and 2024, the reported amount of the Land Bank's deposits was \$227,847 and \$273,246, and the bank balance was \$227,847 and \$273,246, respectively. For the year ended December 31, 2025, \$250,000 was covered by federal depository insurance and the remaining bank balance was collateralized. For the year ended December 31, 2024, \$250,000 was covered by federal depository insurance and the remaining bank balance was collateralized.

### **Property Held for Sale**

Property Held for Sale consists of vacant, abandoned, or tax delinquent property in the County purchased by the Land Bank or donated by the County. Property held for sale is valued at the lower of cost or market. Market value is defined as estimated selling price, not to be in excess of assessed value. Cost includes but is not limited to, property purchase cost, appraisal, inspection and recording fees, renovation costs and professional services. As of December 31, 2025, the Land Bank has four properties in property held for sale. The Land Bank had three properties in property held for sale in 2024.

### **Grant Receivable**

Grant revenue is recognized when eligible expenses are incurred by the Land Bank. When amounts are received prior to incurring eligible expenses, these amounts are recorded as unearned grant revenue. Such amounts are reflected as a liability until the amount is deemed earned and then recognized as revenue.

### **Operating and Non-operating Revenues and Expenses**

As a business-type activity, the Land Bank distinguishes operating revenues and expenses from non-operating items. Operating revenues are comprised of receipts from the sale of property, the value of donated property, contract income earned on property rehabilitation work done with outside organizations, grant revenue received for operations, and in-kind services from the County. Operating expenses generally result from the acquisition, demolition and renovation of properties, and general and administrative expenses in accordance with the Land Bank's mission. Non-operating revenues consist of subsidies received. There was no non-operating revenue in 2025 or 2024.

### **Cost of Sales**

At the time of sale of property held for sale, the recorded value of property held for sale is recognized as an expense under cost of sales.

### **Unrealized Loss on Property held for sale**

Deterioration, damage, changing prices and other factors have caused certain property held for sale's cost to exceed its market value. In accordance with GAAP, property held for sale was reduced to market value and an unrealized loss was recognized for the years ended December 31, 2024. No adjustment was necessary December 31, 2025.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Net Position**

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. At both December 31, 2025 and 2024 the Land Bank did not have net investment in capital assets.
- b. Restricted net position - net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Land Bank did not have restricted net position at December 31, 2025 and 2024.
- c. Unrestricted net position - all other net position that does not meet the definition of net investment in capital assets or restricted net position.

Absent a formal policy, it is the Land Bank's practice to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

## **3. CONCENTRATIONS OF REVENUE RISK**

The Land Bank received significant support from governmental entities. In 2025 and 2024, the Land Bank recognized revenue from the Land Bank Initiative Grant from the New York State Division of Homes and Community Renewal.

## **4. RELATED PARTY TRANSACTIONS**

On September 21, 2022, the Land Bank entered into an Administrative Services Agreement with the County for support services necessary for the performance of the duties associated with the title of Land Bank Program Specialist. The Land Bank is to reimburse the County for the services provided, not to exceed \$50,000. The Land Bank incurred expenses of \$18,126 and \$25,313 related to this agreement in 2025 and 2024, respectively. The agreement has been renewed annually in September of each year, however, as the expenses are not recognized evenly over the course of the agreement period, actual administrative expenses incurred during a fiscal year may exceed \$50,000. The timing of the recognition of these expenses may result in variances between the contractual limit and actual expenses recognized in a fiscal year.

**INDEPENDENT AUDITOR'S 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**

February 26, 2026

To the Board of Directors of  
Livingston County Land Bank Corporation:

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, the financial statements of the Livingston County Land Bank Corporation (the Land Bank), a blended component unit of the County of Livingston, New York, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Land Bank's basic financial statements, and have issued our report thereon dated February 26, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Land Bank'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 Land Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Land Bank'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.

**INDEPENDENT AUDITOR'S 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***  
(Continued)

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Land Bank'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.