

To the Board of Directors
Historic Virginia Land Conservancy

We have audited the financial statements of *Historic Virginia Land Conservancy* (Conservancy) for the year ended December 31, 2021, and have issued our report thereon dated June 15, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 18, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by *Historic Virginia Land Conservancy* are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Conservancy during the year 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 estimates affecting the financial statements were the depreciable lives and estimated residual values of property and equipment, fair value of investments, fair value of gifts in-kind associated with donated easements, allocation of expenses by function, and liquidity and availability of funds. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The first attached schedule summarizes the uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. The second attached schedule summarizes the corrected misstatements of the financial statements. Several of the adjusting journal entries (#1, #2, and #3) are material to the financial statements taken as a whole. The majority of these entries are to properly adjust net assets, pledges receivable, and notes receivable.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' 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 June 15, 2022.

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 Conservancy's financial statements or a determination of the type of auditors' 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 Conservancy's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of ***Historic Virginia Land Conservancy*** and is not intended to be, and should not be, used by anyone other than these specified parties.

June 15, 2022

NPO-CX-12.2: AUDIT DIFFERENCE EVALUATION FORM

Entity: Historic Virginia Land Conservancy Statement of Financial Position Date: December 31, 2021

Completed by: BK June 15, 2022

Instructions: This form may be used to accumulate audit differences (AD) greater than the amount considered clearly trivial (documented at Step 5 of NPO-CX-2.1). This form should not include normal closing entries. At the end of the audit, evaluate all uncorrected audit differences, individually and in the aggregate, in relation to individual amounts, subtotals, or totals in the financial statements and conclude on whether they materially misstate the financial statements taken as a whole. Before evaluating the effect of uncorrected misstatements, reassess whether materiality is still appropriate based on the entity's actual financial results. The notes following the table provide explanations and a listing of qualitative considerations in evaluating materiality. The form allows for quantifying the effect of misstatements using both the rollover and iron curtain methods, as appropriate. You need to be familiar with the guidance in section 1112 before completing this form.

Description (Nature) of Audit Difference (AD) Accrued	Factual (F), Judgmental (J), or Projected (P)	Cause	W/P Reference	Financial Statement Effect—Amount of Over (Under) Statement of:					Change in Net Assets	
				Total Assets	Total Liabilities	Net Assets	Revenues	Expenses		
payroll	Projected				-\$2,355				-\$2,355	\$2,355
Total				\$0	-\$2,355	\$0	\$0	\$0	-\$2,355	\$2,355
Less Audit Adjustments Subsequently Booked				\$0	-\$2,355	\$0	\$0	\$0	-\$2,355	\$0
Unadjusted AD—Current Year (Iron Curtain Method)				\$0	-\$2,355	\$0	\$0	\$0	-\$2,355	\$2,449
Effect of Unadjusted AD—Prior Years				\$2,242,756	\$4,259	\$2,238,497	\$1,078,594	\$1,005,997	-\$2,355	\$4,804
Combined Current and Prior Year AD (Rollover Method)										\$72,597
Financial Statement Caption Totals				0.00%	-55.29%	0.00%	0.00%	0.00%	-0.23%	6.62%
Current Year AD as % of FS Captions (Iron Curtain Method)										
Current and Prior Year AD as % of FS Captions (Rollover Method)										

Qualitative Factors: Describe qualitative factors that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the financial statements as a whole, and the reasons why.

Conclusion: Based on the results of the evaluation performed above, as well as the consideration of qualitative factors, uncorrected audit differences, individually and in the aggregate, do not cause the financial statements taken as a whole to be materially misstated.

Conclusion: Based on the results of the evaluation performed above, as well as the consideration of qualitative factors, uncorrected audit differences, individually and in the aggregate, do do not cause the financial statements taken as a whole to be materially misstated.

Client: 71935 - Historic Virginia Land Conservancy
 Engagement: 21 Audit - Historic Virginia Land Conservancy
 Period Ending: 12/31/2021
 Trial Balance: TBD
 Workpaper: AJE - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
To adjust pledges receivables for pledges paid off in 2021				
4800.1	Stewardship Revenue:4800.1 Easement Acquisition		58,800.00	
8120	RESTRICTED CONTRIBUTIONS:8120 Land Stewardship:8125 Grantor Contributions		10,200.00	
1089	Pledge Receivable			69,000.00
Total			<u>69,000.00</u>	<u>69,000.00</u>
Adjusting Journal Entries JE # 2				
To adjust net assets to PY FS				
3000	Unrestricted Net Assets		9,426.00	
7603	Overhead Expenses:7600 Payroll Expenses:7603 ERTC			9,426.00
Total			<u>9,426.00</u>	<u>9,426.00</u>
Adjusting Journal Entries JE # 3				
To adjust net assets for income recognized in the prior year				
5001	Gain on Sale of Fee Simple		20,000.00	
3000	Unrestricted Net Assets			20,000.00
Total			<u>20,000.00</u>	<u>20,000.00</u>
Adjusting Journal Entries JE # 4				
For the recording of depreciation expense				
8310	Depreciation		212.00	
1800	Accumulated Depreciation			212.00
Total			<u>212.00</u>	<u>212.00</u>
Adjusting Journal Entries JE # 5				
To record donated conservation easements				
5900	In-kind conservation easement		828,100.00	
4500	In-kind conservation easement			828,100.00
Total			<u>828,100.00</u>	<u>828,100.00</u>
Adjusting Journal Entries JE # 6				
To adjust net assets to PY FS				
3000	Unrestricted Net Assets		11,332.00	
3100	Temporarily Restricted N. Asset		82,329.00	
3102	Retained Earnings		4,326,064.00	
3010	Net Assets - Board Designated			617,124.00
3105	Restricted Net Assets			3,802,601.00
Total			<u>4,419,725.00</u>	<u>4,419,725.00</u>
Adjusting Journal Entries JE # 7				
To adjust event carry over expense				
4973.1	Special Projects:4973 Fundraiser Major Annual Event		2,900.00	
8110	RESTRICTED CONTRIBUTIONS:8102 Event Carryovers			2,900.00
Total			<u>2,900.00</u>	<u>2,900.00</u>